








CSR LIMITED
ANNUAL REPORT 2021

BUILDING SOLUTIONS FOR A BETTER FUTURE

Contents

AGM DETAILS

CSR's Annual General Meeting (AGM) will be held on 25 June 2021 at 10am (AEST). Details on arrangements for the AGM are included in the Notice of Meeting.

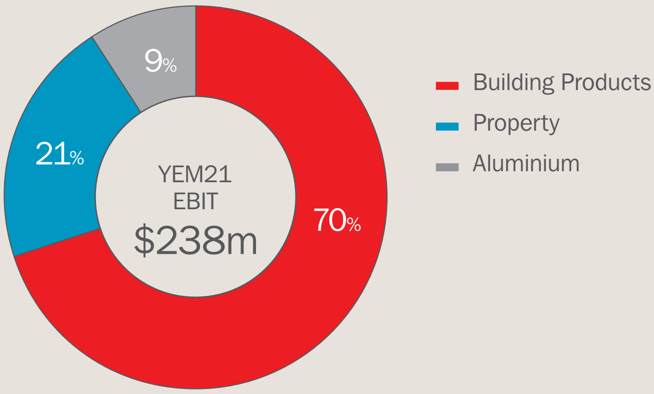
CSR is building solutions for a better future for our customers by investing in new building systems to reduce construction time and deliver better energy efficiency, comfort and design…and for our people and the environment by creating a safe, diverse and sustainable place to work and grow.

CSR AT A GLANCE

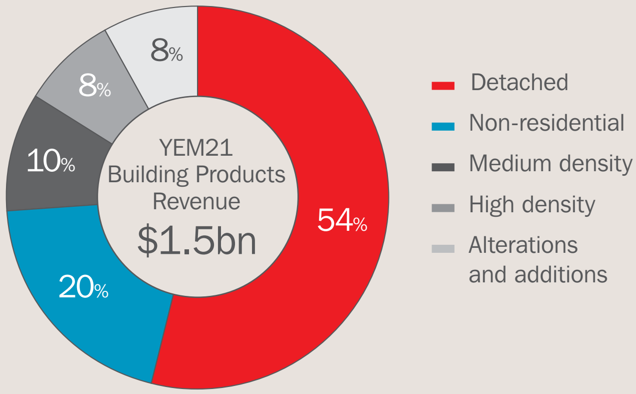
CSR is a leading building products company in Australia and New Zealand.

Formed in 1855, CSR is one of Australia's oldest manufacturing companies. Today it is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names.

BUSINESS SEGMENT OVERVIEW



CONSTRUCTION MARKET DIVERSIFICATION



Strong financial position[1]

↓ **4%**
$2.1bn
Revenue

↑ **10%**
$238m
Earnings Before Interest and Tax (EBIT)

↑ **17%**
$146m
Statutory net profit after tax

↑ **21%**
33.1c
Earnings per share

23c
Full year ordinary dividend (fully franked)

13.5c
Special dividends (fully franked)

Operational excellence with a strong foundation

2,538
CSR employees

170+
Manufacturing and distribution sites across Australia and New Zealand

50+
Property sites owned across Australia

18,000+
Customers across Australia and New Zealand

$251m
Net cash

$2.2bn
Total assets

1. Before significant items, unless stated.

Building Products

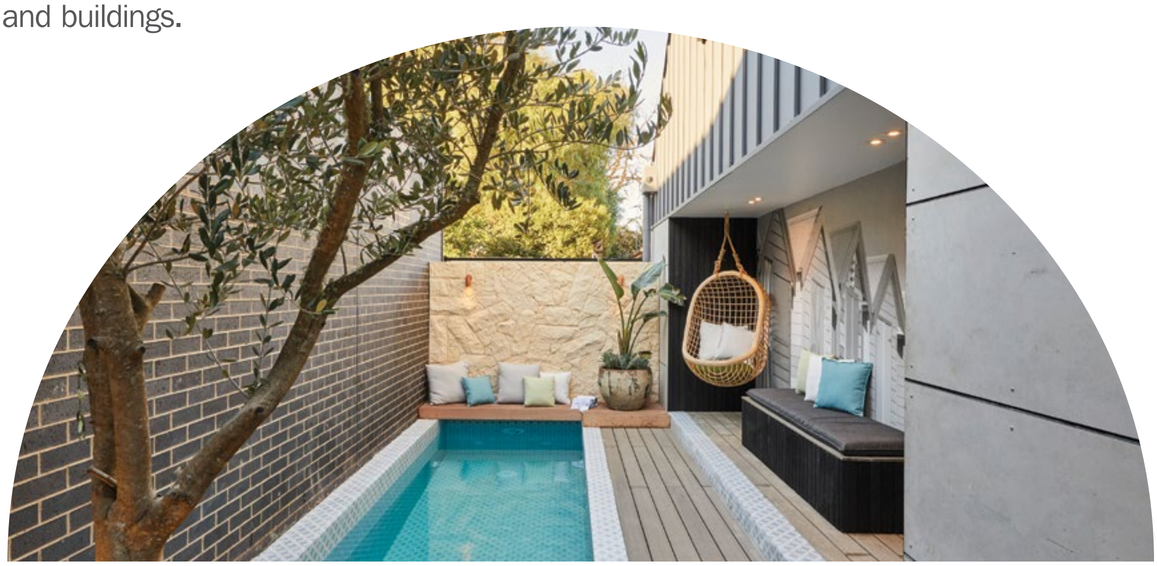
CSR's leading range of building products and systems serve a broad range of construction segments backed by technical expertise across building technology, compliance, energy efficiency and architectural design.

CSR continues to invest in new solutions to reduce construction time and improve the comfort and design of homes and buildings.

MASONRY & INSULATION
Masonry & Insulation brings together the key areas of PGH Bricks and Monier Roofing for selection of external colours and design, integrating with Bradford's insulation and ventilation systems for improved energy efficiency and home comfort.

INTERIOR SYSTEMS
Interior Systems builds on Gyprock's leading brand position in the plasterboard market with the extensive range of Martini, Himmel and Potter commercial fitout offerings.

CONSTRUCTION SYSTEMS
Construction Systems develops engineered walling and cladding systems across three leading brands of Hebel, AFS and Cemintel which bring speed of construction with versatile design applications.



Aluminium

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter in New South Wales.

Property

CSR generates additional earnings from its Property business which focuses on maximising financial returns from surplus former manufacturing sites and industrial land.

STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

JOHN GILLAM CHAIR

Result reflects improved performance in Building Products and increased Property contribution

I am pleased to report that we ended the year with a strong result for the business. Throughout this year, we have operated within the COVID-19 environment with the health and safety of our teams remaining our first priority. We also ensured the business had a solid liquidity position and managed our costs, so we were prepared for the year ahead with a secure financial position.

With this platform, we performed very well while making a number of important strategic changes to how we organise the business and drive future growth.

Group statutory net profit after tax up 17%

Our statutory net profit after tax of $146.1 million was up 17% from $125.3 million in the previous year. Before significant items, net profit after tax of $160.4 million was up 19%.

The lift in net profit was driven by an 8% increase in Building Products earnings to $184.3 million. Strong cost control and operational efficiency offset the impact of the slowdown in residential construction activity which declined 4% during the year.

Property delivered earnings of $54.2 million compared to the previous year when no significant earnings were recorded due to the timing of transactions. This result is the second major settlement of the Horsley Park industrial development and is a great example of the significant value created from our Property projects.

Earnings from our investment in Aluminium declined to $23.4 million down from $59.6 million reflecting a sharp decline in aluminium prices at the start of the financial year which was partly offset by hedging and lower input costs.

Significant increase in dividends reflects strong cash generation

CSR's strong operational performance and financial position has enabled the company to provide a significant lift in dividends for shareholders. Following the additional proceeds from Property this year, we have also declared a special dividend of 9.5 cents per share (fully franked).

This is in addition to the final dividend we have declared of 14.5 cents per share (fully franked). This compares to the previous year when no final dividend was paid due the company's COVID-19 cash preservation position.

This will bring the full year dividend (excluding special dividends) to 23.0 cents per share (fully franked) up from 10.0 cents per share (50% franking) in the previous year.

We ended the year with a strong net cash position of $251 million which is before the $116.5 million in dividends to be paid in July 2021. This provides significant opportunity to invest in the business over the coming years.

Building Products positioned for growth

A key milestone this year was the launch of a number of strategic initiatives for the business. CSR has a very strong position in the detached housing market, but we see opportunities to diversify into other sectors so we can drive improved performance through the housing cycle and scale for growth by leveraging capability from across the business.

Julie and the team have reorganised the business this year to deliver on this strategy. This was achieved while ensuring the business stayed focused on our customers and operating in the COVID-19 environment. This was a difficult situation to manage and our result this year is a strong endorsement of the capabilities of the CSR team.

“We are increasing our position across more diverse construction segments and markets to drive improved performance through the housing cycle and scale for growth.”

Environment and climate change a key priority

Climate change is a key priority area for CSR. We continue to progress our strategy to improve the sustainability of our operations. This includes ongoing review of the risks and opportunities of climate change across the business.

Over the past ten years, we have covered many of the key recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework. This includes how we manage our internal risks to capture specific questions on climate risks on the business.

Further details on our approach to sustainability over the past year are included in the 2020 CSR Sustainability Report which was published in December 2020.

Property delivering strong returns

Property plays a crucial role in our strategy to provide flexibility for our Building Products operations, capture the best value from our extensive land holdings and fund reinvestment in our manufacturing businesses.

Work continues on the next stage of our Horsley Park development. We have also made good progress on our 200 hectare site at Badgery’s Creek which is adjacent to the new Western Sydney Airport. The industrial zoning of this site was completed in September 2020 and we are now providing water from the rehabilitation of the quarry at the site for the construction of the airport which is saving over 1 billion litres of potable water.

The strong demand for industrial sites in western Sydney, combined with the delivery of contracted transactions above expectations, has significantly increased the valuation of CSR’s extensive Property portfolio.

Our Property portfolio is well positioned to deliver strong returns over the next 10 years and beyond.

Board changes

In December 2020, we welcomed Nigel Garrard to the CSR board as a non-executive director. Nigel brings extensive operational, manufacturing and listed company experience to CSR. Nigel has already provided a valuable contribution to the board over the last few months since he joined the company.

We will also be saying farewell to non-executive director Mike Ihlein later this year. As an experienced board director across a range of industries, Mike has played a crucial role on our board committees and we thank him for his contribution to CSR over the past 10 years.

Thank you to the CSR team

On behalf of the board, I want to commend the 2,500 CSR employees across Australia and New Zealand for their efforts this year. The team faced many challenges and delivered a strong performance.

Thanks to all of our teams for supporting each other and our customers during this difficult year. Thanks as well to our shareholders for your ongoing support.

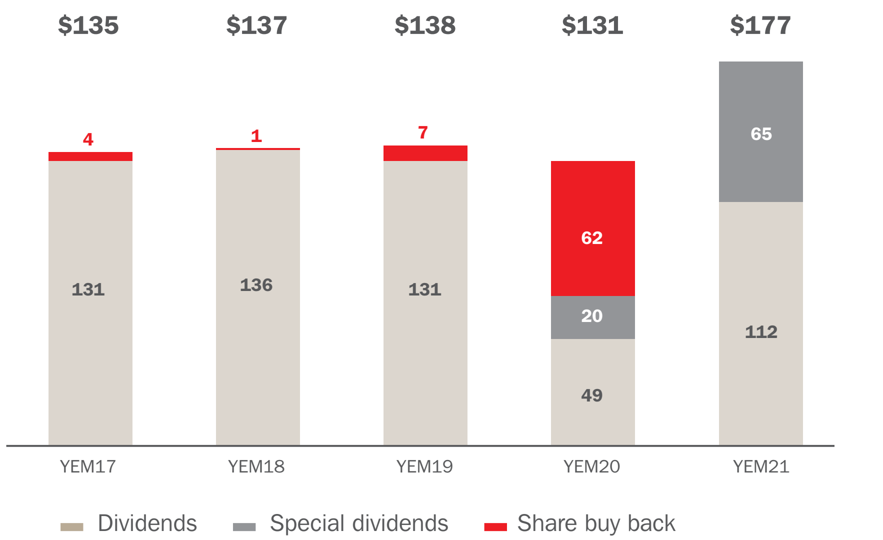
JOHN GILLAM
CHAIR

Capital management increasing returns for shareholders

CSR’s strong financial performance is backed by our operational discipline, cost control and investment in growth which has provided the opportunity for the company to deliver consistent returns to shareholders both through dividends and capital management over the past five years.

$177m
In total dividends to be paid for YEM21

CAPITAL MANAGEMENT (DIVIDENDS AND SHARE BUY BACKS)
$ MILLION



BUILDING ON A STRONG FOUNDATION

JULIE COATES MANAGING DIRECTOR AND CEO

Maximising current market opportunity and delivering long-term growth

CSR performed very well during the year reflecting the strength of our position across different segments and markets. This ensured we delivered a strong performance as market conditions were mixed, particularly at the start of the year with COVID-19. The second half of the year has seen improvement in detached housing activity and we will benefit from our strong position in this market.

Our business is operating on a strong foundation with a unique opportunity to build scale and growth. To achieve this, we have completed the formation of a streamlined structure with three new business units: Masonry & Insulation, Interior Systems and Construction Systems. These businesses include our trusted brands with market leading positions and are expanding their offering across the construction market by developing more complete solutions.

We have also formed two new teams in Supply Chain and Customer Solutions to ensure we maximise our business units’ operational strengths while capturing the value of CSR’s considerable synergy opportunities.

Building Products earnings up 8%

Our Building Products business performed well as strong cost control and operational efficiency generated an 8% increase in earnings to $184.3 million.

CSR’s largest business Gyprock delivered increased earnings as the business benefitted from a diversified revenue base across residential and commercial sectors. PGH Bricks’ earnings also increased following the benefit of overhead cost savings. Hebel and AFS were lower as they have a significant exposure to the high density market which continues to decline after a period of very strong demand.

Our work on optimising our extensive site network continues to identify areas for re-investment, improve efficiency and ultimately release valuable surplus land for redevelopment.

Sustainability – core to how we operate and grow

Sustainability is a core part of our strategy both in how we operate and how we will grow. This strategy is aligned with our priority areas of environment, people, community and supply chain.

In June 2020, we completed environmental targets set back in 2010 with some significant results including a 57% reduction in waste per tonne of saleable product, 32% reduction in emissions, 24% reduction in energy use and 13% reduction in water.

This year we have broadened our approach to set new targets to 2030 across a range of metrics including the use of resources, renewable energy and biodiversity which are linked to five of the United Nations Sustainable Development Goals.

Building solutions for a better future

A key part of developing our strategy is establishing our purpose. This captures both what we are doing across the organisation with an eye on the future with innovation and sustainability for all stakeholders.

Customer Solutions: Moving from a product-focused to a solution-focused business and from a core position in detached housing to servicing a broad range of construction segments. This involves enhancing our level of technical assistance – particularly in the specification stage which includes planning for the various requirements from acoustic and fire protection to structural and engineering advice.

Supply Chain: Unlocking efficiencies across our large network and developing a supply chain model that integrates the logistics activity across all of our brands to provide benefits to customers while increasing productivity across our sites and reducing our environmental impact.

STRONG FOUNDATION

- Trusted brands with leading market position
- Serving a broad range of construction segments
- 18,000+ customers across Australia & New Zealand
- Multiple channels to market

OPERATIONAL EXCELLENCE

- 40+ Manufacturing sites – operations excellence and innovation
- Significant upside from supply chain integration across CSR
- Extensive network of 100+ CSR branded and distribution outlets (metro and regional reach)

SUSTAINABLE PLATFORM

- Strong balance sheet
- Industry leading Building Products Return on Funds Employed (ROFE) with track record of financial discipline
- 50+ Property sites owned across Australia with significant EBIT locked in for the next three years

CUSTOMER ENGAGEMENT

- Experienced team of 2,500+
- Highly credentialed team to unlock value and deliver strategy
- Sales, marketing and technical expertise in building technology, compliance, energy efficiency and architectural design

Each CSR business unit is now updating their roadmap to align their operations to these goals which will be reviewed regularly by senior management and the board Workplace Health, Safety and Environment Committee.

In terms of safety, COVID-19 had a significant impact on how we operated the business as we shifted our safety agenda to adapt the business to new guidelines. This followed a significant investment over the past few years in our safety management systems.

We are now transitioning our safety strategy to focus on two key areas. Firstly, to build on our risk management framework by focusing our operational teams and activities with high consequence risk.

Secondly, we are transitioning our safety strategy to focus more on coaching and mentoring our teams to ensure we move towards demonstrating best practice safety leadership into the future.

We have also launched a new program this year called Wellbeing@CSR which is providing our teams with tools needed to stay well both physically and mentally. Providing health and wellbeing support for our employees is a top priority for us.

Outlook for the year ending 31 March 2022 (YEM22)

Building Products – The diversity of CSR's business provides resilience and performance will benefit from our strong position in the detached housing market.

Property – The Horsley Park project is progressing well with a further $146 million in sale proceeds contracted over the next three years, including $18 million of EBIT expected to complete in YEM22. Marketing continues on the final 12 hectare tranche at Horsley Park, with work progressing on other projects.

Aluminium – The forward hedge position was strengthened in the second half of YEM21 to lock-in future returns. Based on the significant hedge position, EBIT for YEM22 is expected to be in the range of $32 million to $40 million, assuming all other revenue and cost areas are unchanged.

A further update on current trading for the CSR Group will be provided at the company's AGM on 25 June 2021.

Thanks to the team for their dedication and commitment to CSR

In closing, I want to echo John's comments about the dedication of the CSR team this year in what has been a very challenging environment. We now have a great opportunity to maximise the opportunities in the current market and drive the growth and development of the business for the long-term. We look forward to sharing more with you on our strategy in the year ahead.

Julie Coates

JULIE COATES
MANAGING DIRECTOR AND CEO

MASONRY & INSULATION

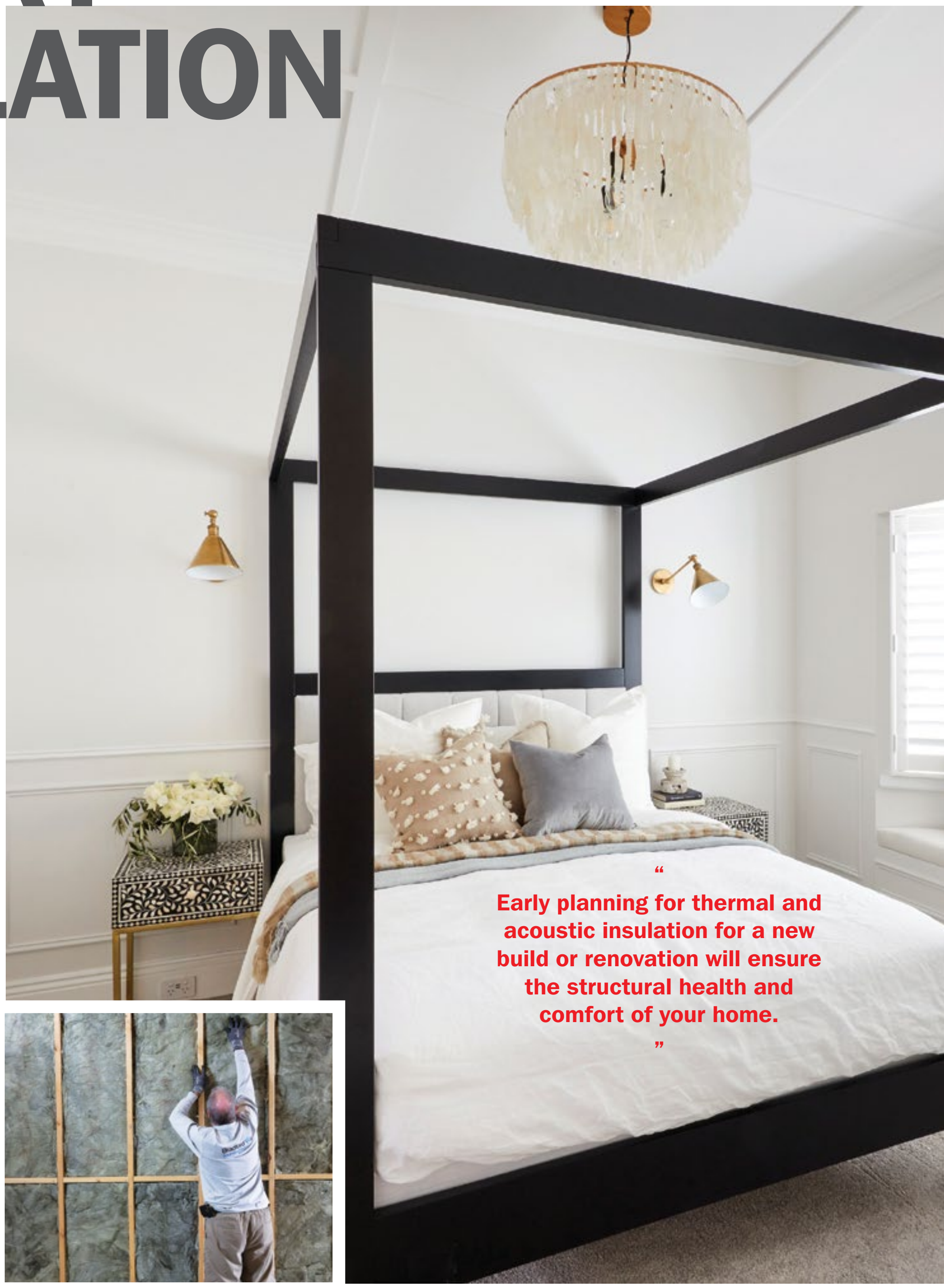
MASONRY & INSULATION BRINGS TOGETHER ESTABLISHED BRANDS WITH LEADING MARKET POSITIONS BACKED BY OUR MANUFACTURING EXPERTISE AND TECHNICAL AND ENGINEERING TEAMS.

CSR provides a unique depth of product offering, ranges, colours and textures to complete the look and feel of the home.

Unique depth of product range and systems
Our offering includes leading solutions in exterior design, home health and comfort and energy efficiency. As part of the path to establishing net-zero in the Australian National Construction Code (NCC), we are providing improvements in energy efficiency, condensation control and internal air quality in new homes through our suite of systems across insulation, construction fabrics and ventilation.

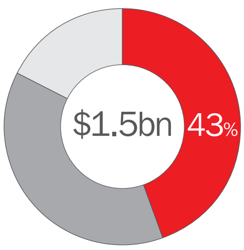
Extensive distribution and selection centres
The Masonry & Insulation businesses include an extensive range of selection centres and distribution networks that supports our builder customers, approved resellers, retail hardware partners and a network of installers and tradespeople.

Sustainability of operations
Sustainability is core to our operations with Bradford glasswool insulation produced from up to 80% recycled glass. Monier is extending its use of waste by-product fly ash to incorporate 15-20% of its cement requirements, while PGH continues to assess biosolids as a feedstock for the kiln system to reduce gas consumption.



"Early planning for thermal and acoustic insulation for a new build or renovation will ensure the structural health and comfort of your home."

YEM21 BUILDING PRODUCTS REVENUE



LEADING BRANDS

Bradford™
Leading supplier of materials designed to make homes and buildings energy efficient, comfortable and healthy.

Monier™ ROOFING
The leading roofing expert with over 100 years experience manufacturing quality roofing products underpinned by a commitment to innovation.

PGH BRICKS & PAVERS
Leading manufacturer and innovator of clay bricks, walling systems and façade solutions.

> **"Choosing sustainable home materials with the environment in mind."**

Get the look from The Block 2020

CSR HAS A LONG RELATIONSHIP WITH THE BLOCK TV SHOW WHICH HAS SHOWCASED MANY OF OUR PRODUCTS OVER THE YEARS.

The 2020 season of The Block was located in the bayside suburb of Brighton in Melbourne with each team allocated a different period home to transform in keeping with its original heritage style. The Block showcased the versatility of PGH Bricks when it comes to designing for any style. Using brick allows seamless design flows between indoor and outdoor spaces, creating cohesive areas for the Australian lifestyle.

Bradford was also the secret weapon in every room in The Block, as insulation solutions are the key to ensuring comfort and sustainability. The Block also highlighted the importance of designing insulation systems prior to the construction phase across internal and external walls, ceilings and roofs.

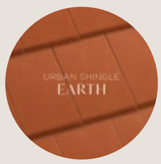
bradfordinsulation.com.au | **pghbricks.com.au**

The Three Birds Renovations team created a Hamptons haven using Monier's Horizon tile.

Monier Crafted for Australia campaign

Monier's terracotta rooftiles bring a timeless beauty and rustic charm to a home. Manufactured in Australia, Monier terracotta bring natural materials, long-lasting colour, natural insulation and a 50 year guarantee. The beautiful array of colours and profiles were relaunched in 2020 as part of the Crafted for Australia campaign. Terracotta maintains a consistent temperature in the home to keep it cooler in summer and warmer in winter, lowering energy bills with its thermal properties and natural materials reducing condensation and mould.

monier.com.au



INTERIOR SYSTEMS

"The Block 2020 featured a curved wall using Gyprock Flexbile and ceilings with style using Gyprock Supaceil."

INTERIOR SYSTEMS BUILDS ON GYPROCK'S LEADING BRAND POSITION WITH THE INTERIOR SYSTEMS EXPERTISE OF MARTINI, HIMMEL AND POTTER TO PROVIDE A COMPLETE RESIDENTIAL AND COMMERCIAL OFFERING.

Gyprock – Australia's leader in plasterboard

For almost 75 years, CSR has led the innovation of plasterboard in the Australian market. The business is backed by four strong, low cost manufacturing sites in Brisbane, Sydney, Melbourne and Perth. A key channel to market is the 56 Gyprock Trade Centres and 38 aligned distributors and retail partners across Australia. Our customers have a strong connection to the Gyprock brand and have referred to themselves as Gyprockers for decades.

Unique offering in interior systems with deep technical expertise

Gyprock's leading position is bolstered by a stronger presence in the commercial segment to provide complete interior lining systems for our customers.

Martini manufactures a range of acoustic insulation products with thermally-bonded polyester fibres made from up to 80% recycled PET packaging.

Himmel in Australia and **Potter** in New Zealand are leading interior systems businesses supplying ceiling tiles, aluminium partitions and architectural hardware across social, infrastructure and commercial projects. All of the businesses have extensive technical expertise which we use to work with architects and specifiers to deliver solutions for the unique challenges and specifications for their projects.

LEADING BRANDS

GYPROCK®

Gyprock is Australia's leading manufacturer of gypsum based products including plasterboard, cornice and compounds.

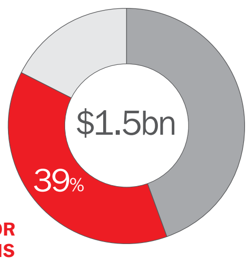
martini

Designs and manufactures high quality thermal and acoustic polyester fibre products.

HIMMEL INTERIOR SYSTEMS
POTTER INTERIOR SYSTEMS

Leading brands in aesthetic and acoustic interior solutions.

YEM21 BUILDING PRODUCTS REVENUE



Martini brings style and acoustic performance to Google

MARTINI'S DECO QUIET PANELS INCLUDED IN THE INNOVATIVE DESIGN OF GOOGLE'S SYDNEY OFFICE

When designing the new office of Google, the team wanted a functional and contemporary working space that is buzzing with activity. The office was designed with a number of open planned collaborative spaces, as ideas get bounced around so does the noise.

Martini dECO Quiet Panels were selected to help attenuate reverberating noise. Product performance and test data were central in the decision making process to use the Martini product. Multiple colours from the Captivate range were chosen to bring energy and brightness to the various spaces. Captivate is velcro receptive and pinnable so the panels can become working walls for brainstorming and collaboration.

csrmartini.com.au

Gyprock Living – Designers first choice for home interior solutions

Gyprock is bringing its technical expertise for superior impact resistance, sound absorption, strength and style with the latest building trends and experts in Gyprock Living.

Projects are featured from Australia's leading designers including Greg Natale, Kate Walker and Three Birds Renovations who have used Gyprock to create beautiful spaces including curves and arches.

The Gyprock Living website features the new magazine and encourages home owners to take their property from Simple to Stunning!

gyprockliving.com.au

“Walls and ceilings are often the first considerations in designing a room.”

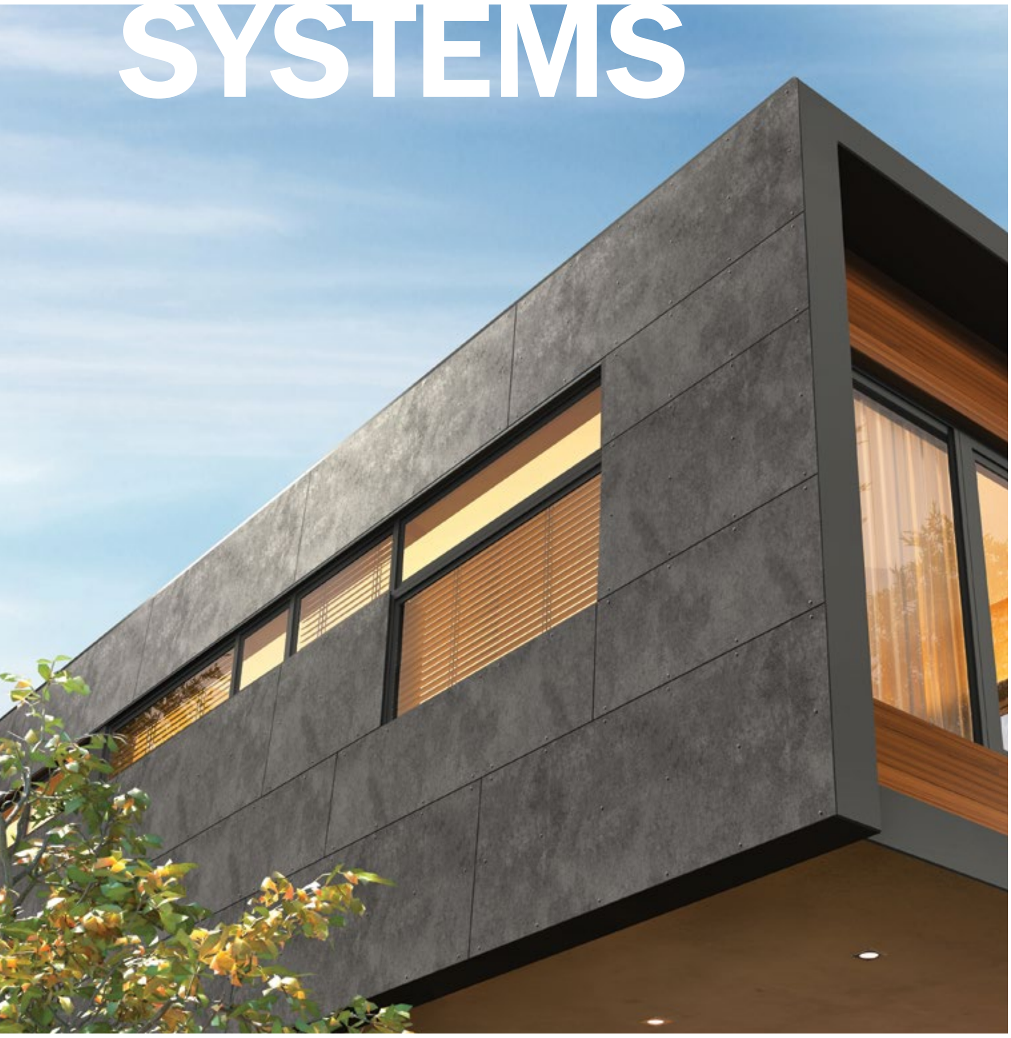
(Left) Himmel Troldtekt features in MK Lawyers office in Melbourne.

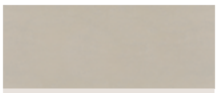
himmel.com.au

(Above) Potter's products at the offices of Minter Ellison Rudd Watts in Auckland, New Zealand.

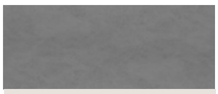
potters.co.nz

CONSTRUCTION SYSTEMS

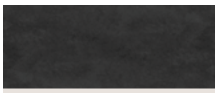




Barestone Internal Original



Barestone Internal Ash



Barestone Internal Graphite

Barestone Internal Lunar

"**Cemintel Barestone panels are manufactured in Australia. Their natural, raw appearance blends seamlessly into its environment.**"

CONSTRUCTION SYSTEMS IS TARGETING A NUMBER OF NEW MARKETS IN STRUCTURAL SYSTEMS AND FACADES AND CLADDING.

An unparalleled suite of products to deliver beautiful buildings, ease of installation and lower cost construction.

Strong and versatile, high performance systems

AFS is a leader in load bearing permanent formwork walling solutions with codemarked concrete walling and permanent PVC formwork systems. For over two decades, AFS has contributed to the swift construction of apartments, offices, warehouses and more. Utilising cutting edge technologies, AFS are constantly researching new opportunities for innovation for load-bearing, hand-erected walls.

Cemintel provides the Australian market with an alternative fibre cement range of traditional and prefinished fibre cement products and systems. Through research, analysis of trends and customer feedback, Cemintel has delivered innovative fibre cement products to the market for external and internal applications. Its diversified range includes products that are suitable for facades and cladding, internal linings, ceilings and soffits, and compressed flooring and decking products.

Hebel is a strong, versatile, high performance building product made from Autoclaved Aerated Concrete (AAC). CSR has developed the expansion of Hebel across Australia and New Zealand over the past 25 years as an innovative product. Hebel systems are non-combustible, thermally efficient and have inherent acoustic performance properties. The systems are lightweight and easy to install.

LEADING BRANDS

afs smarter permanent formwork.™

A leader in load bearing permanent formwork walling solutions with concrete walling and permanent PVC formwork systems.

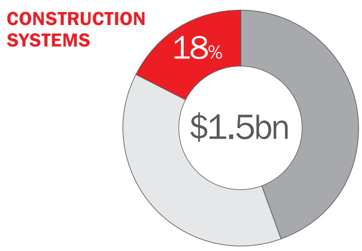
CEMINTEL®

Traditional and prefinished fibre cement solutions for facades and cladding, internal linings, ceilings and soffits, flooring and decking.

hebel® The better way to build

Australia's only manufacturer of Aerated Autoclaved Concrete (AAC) products commonly used in intertenancy, boundary wall and cladding solutions.

YEM21 BUILDING PRODUCTS REVENUE



Hebel's PowerPattern hits the mark

HEBEL'S POWERPATTERN RANGE IS A COLLECTION OF DECORATIVE, PRE-ROUTED HEBEL PANELS.

This range was featured in the stunning Schofield Gardens development in Sydney. The range delivered a variety of design options with the benefits of Hebel including fire-rating compliance, fast construction times and a high quality finish that is seen throughout the entire project. Each panel contains steel reinforcement for added strength and an anti-corrosion layer on the steel for maximum durability.

hebel.com.au

"

Tested and Trusted – All systems are backed by CSR technical expertise and rigorous compliance testing with a full suite of solutions across a range of residential, commercial, industrial and civil applications.

"

AFS walling solutions are part of the new BUPA Aged Care building in St. Ives, NSW **afsformwork.com.au**

Prefinished Cemintel Territory gaining traction

The new Marion Hotel development in Adelaide completed in 2020 originally specified natural timber cladding in the soffits under the eaves. Cemintel worked with the builder, Sarah Constructions, to achieve the look of teak without the ongoing maintenance budget associated with timber. Prefinished products continue to gain traction in the market as the benefits are more widely accepted. Territory is the only fibre cement product to pass the rigorous AS 5113 test, gaining an EW classification.

cemintel.com.au

PROPERTY

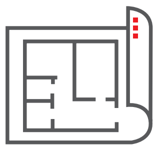
Warner Quarry, Queensland

PROPERTY HAS DELIVERED OVER $150 MILLION IN EARNINGS IN THE LAST FIVE YEARS BRINGING COMPLEX PROJECTS TO THE MARKET.

CSR has over 50 Property sites owned across Australia which is almost 1,400 hectares of freehold land, and over 1,000 hectares of that sits in urban areas. We also manage a significant network of leased sites to support the operational businesses.

The Group Property team works with the CSR business units to understand their requirements to grow and expand their operations. We have built an inhouse team to identify, plan and execute large-scale projects including:

- Maximising value of operational footprint
- Generating returns through various stages of the development cycle
- Providing an opportunistic approach to the staged development process
- Managing numerous projects through rehabilitation, zoning and planning consent



50+
property sites are owned and managed by CSR across Australia

"Property projects provide flexibility for our Building Products operations, capture the best value from each landholding, fund reinvestment and deliver realised capital growth."

CONTINUED DEVELOPMENT OF MAJOR PROJECTS	
Horsley Park, NSW (Industrial)	– 52ha site of a former PGH Brick factory redeveloped into an industrial park. Rehabilitation of the final stage of the project is expected to continue over the next three years – Completed and contracted proceeds of $284 million with marketing underway of the final 12ha
Schofields, NSW (Residential)	– 90ha site (1,525 lots) zoning under review as part of broader planning of West Schofields precinct – Stage 1 (32ha) will be developed when zoning and local town planning approvals are finalised with timing based on market conditions – Stage 2 (58ha) currently includes a PGH Brick operating plant – timing based on market conditions and operational network requirements
Warner, QLD (Residential)	– Residential zoning of around 450 lots under review located 20km from Brisbane
Badgerys Creek, NSW (Industrial)	– 200ha strategically located adjacent to Western Sydney International Airport – Zoned Enterprise (Industrial) in September 2020 – Rehabilitation underway with water from the site being transferred for construction of the Western Sydney Airport

ALUMINIUM

CSR IS A JOINT VENTURE PARTICIPANT IN THE TOMAGO ALUMINIUM SMELTER – ONE OF AUSTRALASIA'S LARGEST ALUMINIUM SMELTERS.

Through its 70% shareholding in Gove Aluminium Finance Limited (GAF), CSR holds an effective 25.2% interest in the Tomago aluminium smelter, located near Newcastle, NSW. Tomago produces around 600,000 tonnes of aluminium each year.

CSR was one of the founding partners in the smelter in 1983 which today employs approximately 1,000 people. Tomago is managed independently with joint venture partners Rio Tinto, GAF and Hydro Aluminium.

tomago.com.au

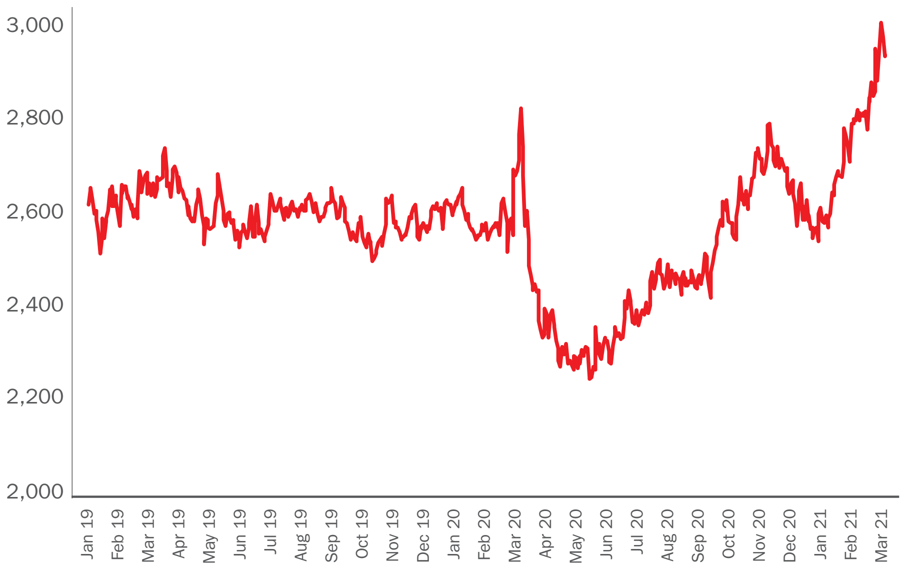
"Reducing the use of electricity in the production of aluminium is a key priority at Tomago."

GAF ALUMINIUM HEDGE BOOK POSITION

In order to reduce volatility and lock-in profitable returns, GAF has a significant hedge book in place over the next few years.

AS OF 30 APRIL 2021	YEM22	YEM23	YEM24	YEM25	YEM26
Average price A$ per tonne (excludes premiums)	$2,800	$2,879	$2,910	$2,969	$2,991
% of net aluminium exposure hedged	95%	79%	66%	41%	2%

ALUMINIUM PRICE
A$/TONNE



Power saving projects underway at Tomago

A NUMBER OF SIGNIFICANT POWER-SAVING PROJECTS ARE UNDERWAY AT TOMAGO TO REDUCE POWER CONSUMPTION AND IMPROVE ENERGY EFFICIENCY.

The largest and most significant project is the Pacific Aluminium Low Energy Pot (PALE) launched in 2015.

The materials used in the construction of PALE pots enables the cell to operate using much less energy and without compromising anode cathode distance (ACD), therefore maintaining excellent metal production performance. The new design also ensures the pot can operate in a broader amperage range, with the flexibility to accommodate market conditions and business needs by running at a low ACD.

An extended testing and trial phase over the past few years has ensured Tomago has delivered a smooth implementation of the PALE design across the pot network which is expected to be completed by 2024 delivering more than $30 million to Tomago in power cost savings and improved energy efficiency.

SUSTAINABILITY AT A GLANCE

Our approach to sustainability is underpinned by targets set across key areas of the environment, our people and the community

We continued to improve the sustainability of our operations, whilst also helping our customers in the construction market by making substantial progress in energy efficiency, comfort and the performance of homes and buildings.

Further details on CSR's approach to sustainability over the past year are included in the **2020 CSR Sustainability Report** which was published in December 2020.

CSR is also in a very unique position to make a substantial reduction in emissions linked to the built environment which represents approximately 25% of Australia's emissions. Our leading range of energy efficient solutions includes insulation, building fabrics, ventilation, solar and battery systems as well as design and technical support. CSR is also Tesla's preferred solar battery supplier into the new home market and is working on the launch of the Tesla Solar Roof into the Australian residential market.

Clean Up Australia Day, North Ryde office, Sydney

Environment

CSR is committed to contributing to an overall positive impact on the environment and reducing reliance on non-renewable resources. CSR seeks to reduce greenhouse gas emissions by improving energy efficiency across its network and through the roll-out of renewable energy solutions. Increasing our water recycling and reducing solid waste to landfill are also key priorities. CSR is also working with customers to minimise waste at building sites and provide services to pick-up pallets and unused building products so they can be recycled or re-used.

2020 PERFORMANCE OF KEY METRICS (ABSOLUTE BASIS)[1]

↓11%
decrease in total CO_2e in 2020

↓5%
decrease in total potable water usage in 2020

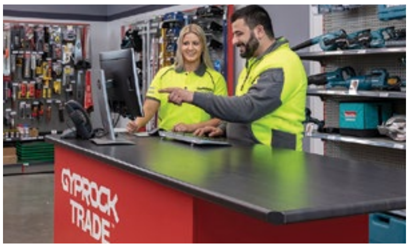
↑6%
increase in total solid waste to landfill in 2020[2]

↓11%
decrease in total energy use in 2020

1 Environment data is based on the period of 1 July 2019 to 30 June 2020 to be consistent with the National Greenhouse Reporting and Energy (NGER) scheme.
2 Increase in waste due in part to commissioning of new Hebel factory at Somersby, NSW.

People

CSR recognises that a sustainable workplace is one that provides a safe, rewarding and diverse environment for our employees. A key part of our strategy is to focus more on coaching and mentoring our teams to ensure we move towards demonstrating best practice safety leadership into the future.



12.8
Safety performance declined during the year as measured by Total Recordable Injury Frequency Rate (TRIFR) from 10.2 to 12.8 as at March 2021 (per million hours worked)

21%
Female participation in the business declined slightly in YEM21 to 21% from 22% in YEM20

43%
Female board membership and 25% of executive leadership team are women

Scouts at Warner, Queensland

Community

A key part of our sustainability strategy is based on proactively maintaining our social license to operate through greater interaction and positive impacts on the community. To achieve this aim, we continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner and to gain the confidence of the communities in which we operate. Our community relations program covers four key areas: Site level community relations, Building Products donations for charities, Community Support Program funding donations and the Student Mentor Program.

8 years
CSR volunteers have donated their time for Business Clean Up Day at sites across Australia for the past 8 years

$73,580
donated to CSR Community Support program in YEM21

Bushfire rebuild
CSR product and technical support for bushfire rebuild projects

Online mentoring
CSR volunteers continued to support ABCN Student Mentor Program in 2020

ENVIRONMENT

AS PART OF MITIGATING THE IMPACTS OF CLIMATE CHANGE FROM OUR OPERATIONS, IN 2009 CSR SET FOUR INTENSITY TARGETS.

These were to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets.

2020 TARGETS COMPLETED
TARGETING A 20% REDUCTION

↓57%
decrease in solid waste to landfill (Kg/tonne of product)

↓24%
decrease in energy use (GJ/tonne of product)

↓32%
decrease in greenhouse gas emissions (Kg/tonne of product)

↓13%
decrease in potable water (Ltr/tonne of product)

Completion of 2020 environment goals sets a strong platform to 2030 sustainability targets

Approach to climate risk and opportunities

Identifying, managing and reporting on environmental and climate change risks has long been a key component of CSR's risk management and governance framework.

In 2018, CSR developed a staged approach to assess and disclose climate-related risks and opportunities using the global Task Force on Climate Related Financial Disclosure (TCFD) framework. This included the development of new sustainability targets to the year 2030.

As part of this staged approach, over the past two years, CSR has completed detailed climate related risk analysis of its operations including scenario analysis of its Gyprock plasterboard and Bradford insulation businesses. This analysis models three climate scenarios focused on transition risk, physical risks and qualitative commentary on supply chain risk. This disclosure is in line with the TCFD framework on Strategy, Governance, Risk Management and Metrics and Targets and is included in the **2020 CSR Sustainability Report**.

> All of our businesses are now working on initial three year plans as a pathway to achieve our 2030 targets which will not only improve our sustainability platform but lead to better efficiency and business outcomes in the future.

Sustainability targets to 2030

In mid 2020, CSR announced its new strategy to ensure the business is resilient for future market changes. Sustainability is a foundation pillar of this strategy. In line with the sustainability pillar, CSR has developed new 2030 targets covering a range of metrics. These goals are linked to five of the United Nations Sustainable Development Goals most relevant to CSR and where we can make the greatest impact. All businesses have initial three year plans to identify projects and programs to help achieve these targets. These projects are tested to ensure robustness and tracked to determine alignment with CSR's overall emission reduction target.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL	2030 TARGETS	INITIATIVES TO HELP REACH TARGETS
Affordable and Clean Energy	**– Establish and implement a CSR connected power network; 50% of electricity generated by renewable energy** **– 20% energy reduction (GJ) per tonne of saleable product**	– Solar installations continue across major sites with Monier Darra, QLD and Bradford ventilation at Seven Hills, NSW both installing 99kW systems in 2020 – Examples include: Replacing wastewater pumps with high efficiency pumps at Bradford Ingleburn, NSW and installation of a more efficient boiling system at Cemintel Wetherill Park, NSW
Sustainable Cities and Communities	**– 5% of indirect spend by Procurement to be spent with social enterprises**	– Develop tender/contract award procedures and evaluation – Completed review of existing arrangements – Training and reporting to embed target across CSR
Responsible Consumption and Production	**– CSR packaging to be closed loop (either 100% reusable; recyclable; compostable)** **– 75% reduction in solid waste to landfill** **– 30% reduction of potable water consumed (ltr) per tonne of saleable product**	– Increase data analysis across all packaging to capture key opportunities – Waste and water reduction projects under review as part of initial three year roadmap – An example is the redesign of water spray systems to reduce potable water use at Bradford ventilation at Sevens Hills, NSW
Climate Action	**– 30% reduction of greenhouse gas emissions (CO_2e) per tonne of saleable product**	– Viable projects rolled into the CSR wide capital allocation process – All projects are assessed against the CSR targets to understand pathway to achieving the 2030 ambition
Life on Land	**– Enhance biodiversity outcomes on CSR sites and developments**	– Baseline information under review – Key biodiversity outcomes underway at Property sites including Warner, QLD and Horsley Park, NSW

> We have set sustainability targets to 2030 aligned to UN development goals most relevant to CSR and where we can make the greatest impact.

PEOPLE AND SAFETY

CSR recognises that a sustainable workplace is one that provides a safe, rewarding and diverse environment for our employees

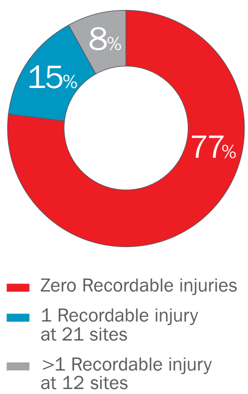
Safety performance in YEM21

YEM21 was significantly impacted by COVID-19. The intended workplace health and safety programs needed to be paused to ensure that the safety agenda shifted to adapt the business to new guidelines and address the potential transmission risks to our people and customers. This created a loss of valuable face to face time within sites.

The business has adapted well to utilising new technology to progress our safety agenda. However, our performance as measured by total recordable injury frequency rate (TRIFR) declined to 12.8 from 10.2 (per million work hours). We are very proud of the 112 sites who achieved zero recordable injuries in the year.

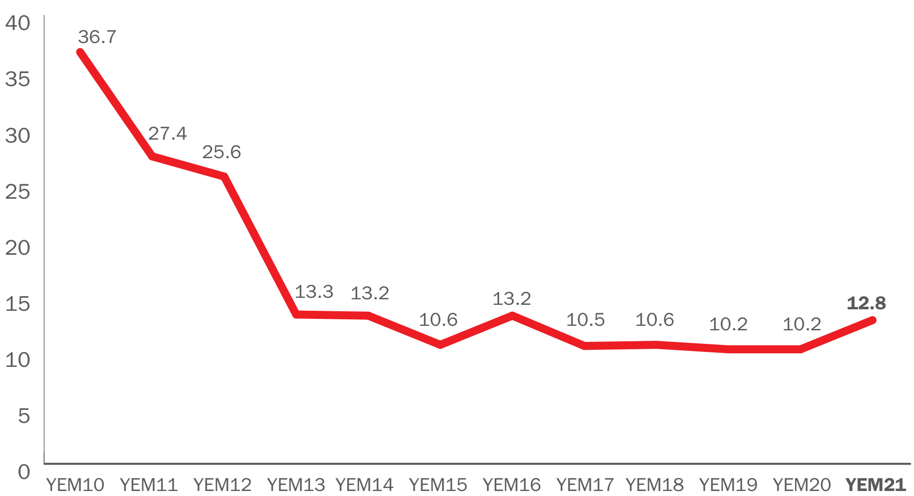
In the second half of YEM21, we moved to a centralised Workplace Health, Safety and Environment (WHSE) team across all of CSR and this team, in partnership with the executive leadership team and operational leaders have prepared a three year WHSE strategy to guide on a path forward this year.

RECORDABLE INJURIES AT CSR SITES



112
sites achieved zero recordable injuries in YEM21

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)
PER MILLION WORK HOURS



Leading safety at CSR

The revised approach being rolled out across the business specifically focuses on the top risks within CSR and each part of the business is working on risk reduction plans to address those top risks. Our leaders will play a key role in ensuring our teams are supported, that we are working with one system that is clear and easy to understand and is using a risk based approach to prioritise areas that will make the biggest impact on safety.

Recognising the scale and breadth of CSR's activities in serving customers through our manufacturing, supply chain, building and construction requires that we focus on simple, clear, consistent and well managed standards. Our approach to safety is based on three key principles: Hearts and Minds, Risk Management and System Refinement.

Risk reduction emphasis

While TRIFR is a key metric for CSR and will remain so, we are encouraging our people to shift focus to making sure that we clearly understand the key risks in our business and most importantly we implement corrective actions to reduce the potential for harm.

Our strategic plan gives our business units and sites a roadmap of the activities to undertake to achieve that outcome of reducing risk. Our audit assurance, leadership activities and incident prevention indicators have all been modified to be consistent in supporting this shift in focus and to support our operational areas to achieve this outcome.

THEME	APPROACH	YEM22 AREAS OF FOCUS
Hearts and Minds	Launch and communicate WHSE programs to engage our people	Developing a program across CSR that talks to a consistent narrative that appeals to the hearts and minds of our people
Risk Management	Risk reduction in areas of high exposure	Refocus on embedding Hazard Identification, Risk Assessment and Control (HIRAC) into business
System Refinement	Investing in current systems to improve the clarity and consistency across CSR	Development and implementation of CSR wide WHSE hazard and system standards

Forking Safely program improving safe behaviours

Our risk management approach seeks to eliminate or reduce risks with a simple, common sense approach which can be applied across all operations. Forklift safety remains a key risk area which is responsible for many incidents at CSR. Within Interior Systems, over 600 forklift operators work across the manufacturing sites, distribution centres and Gyprock Trade Centres.

During the past year, we have progressed the Forking Safely program which was launched in 2018. Many of CSR's products include larger sizes and variable weights that require specific training. During YEM21, state based champions helped lead the program and build capability at all sites to ensure all teams take responsibility and ownership of their drivers' coaching and training. Over the next year, sites will be identifying high interaction points and improving the segregation methods between mobile plant and pedestrians.

COMMUNITY

CSR continues to work with our local communities in line with our commitment to operate in a sustainable manner

WE CONTINUE TO PARTNER WITH A NUMBER OF ORGANISATIONS IN LINE WITH OUR COMMITMENT TO OPERATE IN A SUSTAINABLE MANNER AND TO GAIN THE CONFIDENCE OF THE COMMUNITIES IN WHICH WE OPERATE.

Clean Up Australia Day, Bradford Ingleburn, NSW

Site level community relations – working together in Warner, Queensland

CSR is progressively rehabilitating the quarry in Warner, QLD which includes the planting of over 5,000 trees at the site.

CSR founded the Warner Working Group in 2018 to bring the community together in a forum including representatives of koala care and rescue groups, local community members, Landcare, schools, industry and government. This group has led a number of initiatives including engaging ecologists and veterinary scientists in koala research to track the movement of the koala population and rehabilitating sick or injured koalas for release back into the area.

The advocacy of the Warner Working Group was included in the Queensland Government's **South East Queensland Koala Conservation Strategy 2020-2025**.

Clean Up Business Day

CSR participates in Clean Up Business Day as a signatory to the Australian Packaging Covenant – a sustainable packaging initiative targeting sustainable packaging, increasing recycling rates and reducing packaging litter.

8 years

CSR volunteers have donated their time for Business Clean Up Day at sites across Australia for the past 8 years

Bushfire rebuild support

Following the devastating bushfires in Australia in the summer of 2020, CSR supported a number of initiatives to assist communities impacted by the disaster and support the rebuild process. CSR raised a total of $50,000 from employee donations and matching by CSR for the Salvation Army Bushfire Appeal. CSR has also partnered with some of its customers to provide community and non-profit organisations access to CSR products and expertise to assist in the rebuild of buildings impacted by the bushfires.

“CSR has supported the efforts of Hotondo Helping Hands to rebuild homes in the local community following the unprecedented bushfire crisis.”

Australian Business and Community Network

CSR commenced working with the Australian Business and Community Network (ABCN) in 2011. It is a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas. Since 2011, CSR volunteers have donated over 6,000 hours to the program. In 2020, mentoring was moved on-line in response to COVID-19.

CSR was part of three pilot programs to continue mentoring in a digital format which included over 60 volunteer hours by CSR volunteers working online with 38 students.

Online mentoring

CSR volunteers continued to support ABCN Student Mentor Program in 2020

Community Support Program

Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over $3.4 million has been donated by CSR and its employees over the last 18 years. During YEM21, $73,580 was donated by CSR and its employees to three charities, The Salvation Army, Youth Off The Streets and Assistance Dogs Australia.

The Salvation Army is a national charity, offering caring support for every problem “from the cradle to the grave.” They offer services to aged care, crisis accommodation, suicide prevention, youth and families at risk, telephone counselling, to name just a few.

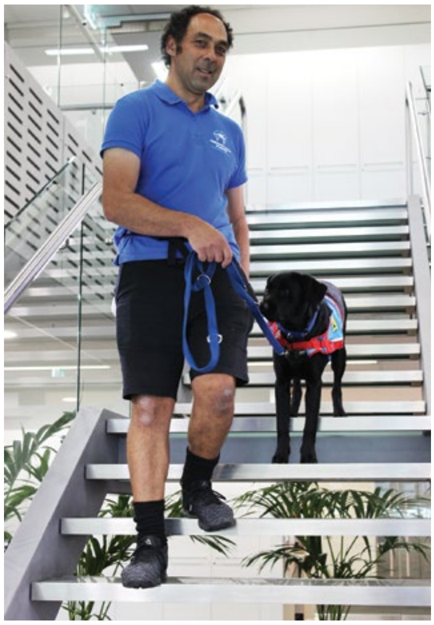
Youth off the Streets is a youth-specific charity, assisting young people dealing with issues of substance and other abuse, alienation from family and community and homelessness.

Assistance Dogs Australia trains and places unique dogs with Australians in unique situations. They currently train dogs that specialise in support for people with a physical disability, autism as well as PTSD. As well as providing a range of services to these individuals and their families.

THE SALVATION ARMY

Father Chris Riley's youth off the streets

Assistance Dogs Australia
Giving Freedom & Independence



Luna from Assistance Dogs visits the team at CSR's office in North Ryde, NSW

FINANCIAL OVERVIEW

Statutory net profit after tax of $146.1 million, up 17% which reflects good operational performance and continued cost management

FOUR YEAR PERFORMANCE SUMMARY [1] Year ended 31 March ($ million) unless stated	2021	2020	2019	2018
Operating results				
Trading revenue	**2,122.4**	2,212.5	2,322.8	2,237.7
Earnings before interest and tax (EBIT)				
Building Products	**184.3**	170.5	206.5	214.1
Property	**54.2**	(1.5)	38.8	47.8
Aluminium	**23.4**	59.6	36.6	79.5
Segment total	**261.9**	228.6	281.9	341.4
Corporate and restructuring and provisions[2]	**(24.0)**	(11.8)	(16.9)	(21.1)
CSR EBIT	**237.9**	216.8	265.0	320.3
Net profit after tax (before significant items)	**160.4**	134.8	181.7	210.6
Statutory net profit after tax (after discontinued operations)	**146.1**	125.3	78.0	188.8
Financial position				
Total equity	**1,152.5**	1,125.5	1,231.1	1,274.1
Total assets	**2,171.5**	2,404.5	1,991.1	2,136.0
Net cash / (debt)	**250.8**	94.8	50.0	(14.3)
Key data per share				
Earnings before significant items (cents)	**33.1**	27.3	36.1	41.9
Earnings after significant items and discontinued operations (cents)	**30.1**	25.4	15.5	37.5
Dividend ordinary (cents)	**23.0**	10.0	26.0	27.0
Dividend special (cents)	**13.5**	4.0	–	–
Payout ratio on ordinary dividends (%)	**69.5**	36.6	72.0	64.4
Key measures				
Profit margin (EBIT/trading revenue) (%)	**11.2**	9.8	11.4	14.3
Return on funds employed (ROFE) (%)[3]	**21.1**	17.8	21.8	27.8
Employees (number of people employed)	**2,538**	2,823	2,960	2,861

1 From continuing operations for 2018 and 2019 unless stated, which excludes the Viridian Glass business which was sold on 31 January 2019.
2 Represents unallocated overhead expenditure and other revenues.
3 ROFE is calculated as EBIT before significant items for the 12 months to 31 March divided by average funds employed which excludes cash, tax balances and certain other non-trading assets and liabilities as at 31 March.

OPERATING AND FINANCIAL REVIEW

Group EBIT of $237.9 million, up 10% with improved earnings from Building Products and Property

Trading revenue of $2.1 billion for the year ended 31 March 2021 (YEM21), down 4% on the prior year.

Earnings before interest and tax (EBIT before significant items) of $237.9 million, up 10% included the following results:

- **Building Products** - EBIT of $184.3 million, up 8%, with EBIT margin increased to 12.0% from 10.7%. Strong cost control and operational efficiency offset the slowdown in residential construction activity which declined 4% during the year
- **Property** - EBIT of $54.2 million compared to the previous year when no significant earnings were recorded
- **Aluminium** - EBIT of $23.4 million, down from $59.6 million, reflecting a sharp decline in aluminium prices at the start of the financial year due to COVID-19 volatility which was partly offset by hedging and lower input costs

Statutory net profit after tax of $146.1 million, up 17%.

Earnings per share (before significant items) of 33.1 cents, up 21%.

Dividends - Final dividend of 14.5 cents per share (fully franked) declared. This compares to the previous year when no final dividend was declared due to COVID-19 cash preservation position. Full year dividend (excluding special dividends) of 23.0 cents per share (fully franked) up from 10.0 cents per share (50% franking) in the previous year. Special dividend of 9.5 cents per share (fully franked) declared following settlement of the Property sale at Horsley Park.

A$m unless stated[1]	2021	2020	change
Trading revenue	**2,122.4**	2,212.5	(4%)
EBIT			
Building Products	184.3	170.5	8%
Property	54.2	(1.5)	
Aluminium	23.4	59.6	(61%)
Corporate (including restructure and provisions)	(24.0)	(11.8)	
Group EBIT	**237.9**	216.8	10%
Net finance costs	(6.1)	(10.8)	
Tax expense	(65.7)	(58.0)	
Non-controlling interests	(5.7)	(13.2)	
Net profit after tax before significant items[1]	**160.4**	134.8	19%
Significant items after tax	(14.3)	(9.5)	
Statutory net profit after tax	**146.1**	125.3	17%

1 All references are before significant items unless stated. These are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2021 (YEM21). All comparisons are to the year ended 31 March 2020 (YEM20) unless otherwise stated.

Statutory net profit after tax of $146.1 million for the year ended 31 March 2021, up 17% with good operational performance in Building Products and Property offset by the expected reduction in earnings from Aluminium. This includes significant items of $14.3 million (after tax) from business restructuring, asset impairment and plant closure costs offset by a previously recorded lease adjustment.

Tax expense of $65.7 million (before significant items) was up from $58.0 million due to the higher pre-tax profits. CSR's effective tax rate for the year (before significant items) was 28% in line with the prior year.

Cash flow from operating activities of $253 million was up 3% with higher operating cash flow following a strong focus on working capital.

Capital expenditure (excluding Property and acquisitions) was $49.0 million during the year. Of this total, $26.1 million was for stay-in-business projects and $22.9 million was development related capital expenditure, including the purchase of the Bradford Brendale, QLD site for $16 million. Capital expenditure (excluding Property and acquisitions) was down from $100.2 million in YEM20 as some projects were delayed due to the COVID-19 environment. Property invested $29.8 million during the year as part of rehabilitation of key sites.

Net cash of $250.8 million increased from the net cash position of $94.8 million as of 31 March 2020, which included settlement of two Property transactions. CSR also has additional credit standby facilities of $420 million. These facilities have fixed maturity dates as follows: $154.0 million in 2023, $191.0 million in 2024 and $75.0 million in 2025.

Share buyback – In March 2019, CSR launched a $100 million on-market share buyback. $69 million in shares were purchased prior to the completion of the program in February 2021.

Product liability – As at 31 March 2021, the asbestos provision fell to $231.0 million from $246.9 million as at 31 March 2020. This provision included a prudential margin of $34.9 million. CSR paid asbestos related claims of $20.6 million (including legal costs) compared to $27.8 million in the prior year.

BUILDING PRODUCTS PERFORMANCE

Construction market activity by segment

	2021	2020	change
Australia Residential (12 months – 000s)			
Detached[1]	104.1	107.2	(3%)
Medium density[1]	33.1	33.9	(3%)
High density[1]	36.5	39.5	(8%)
Total Residential Commencements	**173.7**	**180.6**	(4%)
Non-residential (A$B)[2]	46.9	48.0	(2%)
A&A (A$B)[2]	9.9	9.3	6%
NZ consents (12 months - 000s)[3]	37.7	36.5	4%

1 Source ABS data – (original basis two quarter lag – i.e. 12 months to September).
2 Source ABS, BIS Oxford Economic forecast (value of work done – 12 months to March).
3 Source Statistics New Zealand – (residential consents 2 quarter lag – 12 months to September).

The majority of CSR's Building Products are utilised at the end of the construction process which results in product sales occurring on average two quarters after the start of a residential housing commencement. While this can vary between detached and multi-residential housing, CSR's revenues for YEM21 are generally aligned to residential commencements for the 12 months to September 2020.

Australian residential housing commencements on a two quarter lag basis of 173,657 were down 4% compared to the prior year. Detached housing on the east coast of Australia decreased by 3%, while Western Australia was down 5%. The medium and high density market slowed during the period, down 5%, as projects continue to slow following a period of very high activity over the last few years.

The non-residential market was down 2% with growth in the social sector offset by declines in the commercial sector. The alterations and additions market has performed strongly backed by a buoyant trade retail sector which was up 22% in the 12 months to March 2021. The New Zealand market remained reasonably strong across all segments despite the impact of the COVID-19 shutdown at the start of the financial year.

The Australian Government's HomeBuilder stimulus provided significant new demand during the year with almost 100,000 applications for new homes and 22,000 substantial renovations received in the program. The extension of the HomeBuilder commencement to 18 months announced in April 2021 is expected to spread the pipeline of activity across calendar years 2021 and 2022.

Strong cost control and operational efficiency lift earnings by 8%

A$m unless stated[1]	2021	2020	change
Revenue	**1,534.5**	1,591.3	(4%)
EBITDA	265.7	254.9	4%
EBIT	**184.3**	170.5	8%
Funds employed[2]	844.3	945.8	(11%)
EBIT/revenue	12.0%	10.7%	
Return on funds employed[3]	20.6%	18.0%	

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

Trading revenue from Building Products was $1,534.5 million, down 4% in line with the decline in market activity. Building Products EBIT of $184.3 million was up 8% as strong cost control and operational efficiency offset the decline in volumes due to the slowdown in building activity during the period.

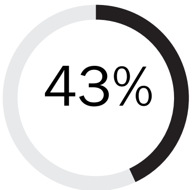
CSR's largest business Gyprock delivered increased earnings as the business benefitted from a diversified revenue base across residential and commercial sectors. PGH Bricks earnings also increased despite the slowdown in the detached market following the benefits of overhead cost savings. Hebel and AFS earnings were lower as they have significant exposure to the high density market which was down 8% during the period.

EBIT margin of 12.0% was up from 10.7% due to cost savings across the operating network with the opportunity for price increases above inflation becoming more limited in some products and regions. No payment of Australian JobKeeper was received during the year.

The return on funds employed of 20.6% increased from 18.0%.

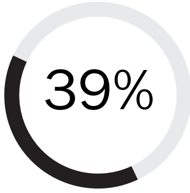
Building Products Business Performance

MASONRY & INSULATION



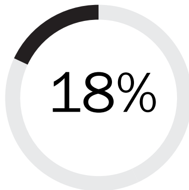
- YEM21 revenue $667m (4% below YEM20)
- Volumes in line with detached activity
- EBIT higher supported by overhead cost reductions
- PGH and Monier EBIT higher with cost management offsetting lower volumes
- Bradford EBIT down due to higher proportion of imports, product mix and freight costs partly offset with improved factory performance

INTERIOR SYSTEMS



- YEM21 revenue $593m (3% below YEM20)
- Gyprock – stable volumes due to diversified market position. Pricing flat as 2020 price increase did not proceed due to COVID-19
- EBIT higher following operational improvement and cost management
- Commercial Interiors EBIT impacted by lockdowns, slowdown in commercial and reduced exports due to COVID-19

CONSTRUCTION SYSTEMS



- YEM21 revenue $275m (3% below YEM20)
- Cemintel and Hebel continuing share growth in residential housing, especially Victoria
- Slowdown in high density apartments impacting Hebel and AFS sales
- EBIT in line with previous year with cost management offsetting volume decline in high density apartment market

Building Products Outlook

Detached (54% of revenue) – activity will be supported by HomeBuilder commencements with the extension of the timetable likely to extend the pipeline across calendar years 2021 and 2022.

Medium/High density (18% of revenue) – medium density market expected to be more resilient than the high rise market following the continued decline in high rise approvals since the previous peak in 2018.

Alterations and Additions (8% of revenue) – strong trade retail performance expected to continue (up 22% in the year to March 2021), complemented by larger value HomeBuilder renovation projects.

Non-residential (20% of revenue) – pipeline of approvals is down 9% (year to March 2021) following COVID-19 uncertainty over the last year. Weaker private commercial activity expected to be offset in part by continued elevated levels of social infrastructure spend.

Overall, the diversity of CSR's business provides resilience and performance will benefit from our strong position in the detached housing market.

PROPERTY

Good progress on key development projects

A$m unless stated[1]	2021	2020	change
EBIT	**54.2**	(1.5)	n/m
Funds employed[2]	139.5	167.8	(17%)
Return on funds employed[3]	35.3%	(0.8%)	

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

CSR's Property business continued to make good progress on key development projects. Property delivered EBIT of $54.2 million compared to a loss of $1.5 million in the previous year when no significant transactions were completed. The result includes the completion of the first tranche of Stage 2 at the industrial development at Horsley Park, NSW. This project has contracted proceeds of $146 million over the next three years with marketing underway of the final 12 hectares at the site.

Horsley Park property project

Tranche	Size (ha)	Proceeds ($m)	EBIT ($m)	Completion
Stage 1	10.1	58	32	Completed
Stage 2.1	11.7	80	52	Completed
Stage 2.2a	4	28	18	YEM22
Stage 2.2b	5	34	22	YEM23
Stage 3.1	8.6	84	48	YEM24
Total contracted	**39.4**	**284**	**172**	
Stage 3.2	12.4	Marketing underway (increased from 9ha due to strong demand for site)		

ALUMINIUM

EBIT down reflecting lower A$ aluminium price

A$m unless stated[1]	2021	2020	change
Sales (tonnes)	213,722	209,905	2%
A$ realised price[2]	2,751	2,960	(7%)
Revenue	**587.9**	621.2	(5%)
EBITDA	35.4	71.5	(50%)
EBIT	**23.4**	59.6	(61%)
Funds employed[3]	136.0	141.0	(4%)
EBIT/revenue	4.0%	9.6%	
Return on funds employed[4]	16.9%	42.4%	

1 Before significant items.
2 Realised price in A$ per tonne (including hedging and premiums).
3 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
4 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

The realised aluminium price in Australian dollars (including hedging and premiums) of A$2,751 was down 7% following the decline in the A$ aluminium price in the first half of YEM21.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 213,722 tonnes were up 2% from the prior year due to the timing of shipments. Trading revenue of $587.9 million was down 5% due to LME aluminium prices.

The Australian dollar averaged 72 US cents compared to 68 US cents in the prior year, while the average MJP ingot premium for the year was US$94 per tonne, below the US$98 per tonne in the prior year (Platts Metals Week – Main Japanese Port ingot premium).

EBIT of $23.4 million was down from $59.6 million due to the lower A$ aluminium price and higher alumina costs following the start of new contracts in January 2020. Other input costs including coke declined as well as the overall cost of electricity due to a lower coal cost pass through compared to the prior year.

GAF has secured new contracts for alumina, all of which are effectively linked to the US$ aluminium price. These new contracts began in January 2020 which have staged end dates to 31 December 2023.

For future years, the following alumina volumes have been contracted:

- Calendar years 2021 and 2022: 100% of alumina volume
- Calendar year 2023: ~60% alumina volume.

GAF Aluminium Hedge Book position - significant increase in forward hedge position

Given Tomago's high energy cost (which is not correlated to LME aluminium prices), CSR's approach is to take advantage of profitable pricing by hedging when possible. A significant hedge book is in place through to March 2026.

As of 30 April 2021	YEM22	YEM23	YEM24	YEM25	YEM26
Average price A$ per tonne (excludes premiums)	2,800	2,879	2,910	2,969	2,991
% of net aluminium exposure hedged	95%	79%	66%	41%	2%

YEM22 EBIT scenario

The table below provides a YEM22 EBIT range based on various A$ per tonne aluminium spot prices. This assumes all other revenue and cost areas are unchanged.

As of 30 April 2021	Aluminium average spot price A$/t for YEM22		
	A$2,300	A$2,700	A$3,100
YEM22 EBIT A$m	A$32m	A$36m	A$40m

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system by which CSR is directed and managed. It is the framework of rules, relationships, systems and processes that underpin the company's values and behaviours, the way it does business and how:

- the CSR board of directors is accountable to shareholders for the operations, financial performance and growth of the company; and
- business risks are identified and managed.

This Corporate Governance Statement is current as at 12 May 2021 and has been approved by the board.

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance and that good corporate governance is an integral part of the culture and business practices of the CSR group.

Throughout the reporting period, being the year ended 31 March 2021, CSR complied with the recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (ASX CGC Principles). CSR's existing practices were largely consistent with the changes introduced in the 4th edition, with some practices updated to address the emerging issues included in the 4th edition.

Charters and policies referred to in this corporate governance statement are available on CSR's website in the 'Investors and News' section under Corporate Governance.

The board

The board strives to build sustainable value for shareholders whilst protecting the assets and reputation of the company.

CSR's Constitution sets out the provisions that govern the management of the company and can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors, whose function is to represent shareholders and to act in the best interests of the company.

Role of the board

The board has adopted a formal board charter, available on CSR's website on the Corporate Governance page which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the board charter, include:

- approving CSR strategies, budgets, plans and policies;
- assessing performance against business plans to monitor both the performance of management as well as the continuing suitability of business strategies;
- reviewing operating information to understand the current status of the company;
- considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
- considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
- ensuring that the company operates an appropriate corporate governance structure and culture, in particular ensuring that CSR acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- approving CSR's risk framework and appetite, as well as CSR's risk management strategy and monitoring whether the company is operating within that framework and appetite;
- considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- ensuring that the company's governance processes, in particular, the remuneration and other reward structures, align with the company's values and risk appetite;
- maintaining a constructive and ongoing relationship with the Australian Securities Exchange (ASX) and regulators, and approving policies regarding disclosure and communications with the market and shareholders; and
- monitoring internal governance including delegated authorities, and monitoring resources available to senior executives.

Appointment and election of directors

CSR undertakes a rigorous process when selecting new directors.

The company aims to have a board which, as a whole, has the range of skills, knowledge, background and experience to govern CSR, made up of individuals of high integrity, with sound commercial judgement, inquiring minds and the ability to work cohesively with other directors. When considering director candidates, CSR seeks a combination of former chief executives and individuals experienced in manufacturing, finance, the law and, ideally, the industries in which CSR participates as well as the areas in which it hopes to grow. CSR undertakes background checks on prospective candidates, covering the candidate's character, experience, education, criminal record and bankruptcy history.

External consultants are engaged, where appropriate, to advise on potential appointees. The potential appointees must have a strong reputation and high ethical standards. Prospective directors are required to confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-executive directors are subject to re-election by rotation at least every three years. Newly appointed directors must seek election at the first general meeting of shareholders following their appointment. The relevant notice of meeting contains all material information for shareholders in relation to the election or re-election of a director.

Directors' independence

At all times throughout YEM21, the board comprised of a majority of independent directors. Each of the non-executive directors, including the chair, has been determined by the board to be independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director.

The board's framework for determining director independence is included in the board charter and operates in accordance with the considerations set out in the ASX CGC Principles. Any past or present relationship with the company is examined carefully to assess the likely impact on a director's ability to be objective and exercise independent judgement. Directors are required to disclose, on an ongoing basis, circumstances that may affect their ability to exercise independent judgement enabling the board to determine independence on a regular basis. The length of tenure of each director is set out below.

Table 1: Director tenure

Director	Date appointed	Date last re-elected
John Gillam (chair of the board)	December 2017	2018 Annual Meeting
Julie Coates (managing director)	September 2019	2020 Annual Meeting
Nigel Garrard	December 2020	Not previously elected
Christine Holman	October 2016	2020 Annual Meeting
Michael Ihlein	July 2011	2020 Annual Meeting
Matthew Quinn	August 2013	2019 Annual Meeting
Penny Winn	November 2015	2018 Annual Meeting

The board charter states that non-executive directors will not seek re-election after serving for ten years.

Director letters of appointment

Letters of appointment are prepared for non-executive directors covering duties, time commitments, induction, company policies and corporate governance.

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director service agreement is set out in the remuneration report and is disclosed to the ASX when the managing director is appointed.

Directors' induction, education and access to information

The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chair briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as briefings from management and visits to key operating sites to assist them to rapidly understand CSR's businesses, strategic direction and associated material risks.

Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

To help directors maintain their understanding of the businesses and to assess the people managing them, directors are briefed regularly by members of the senior management team. Directors also have access to a wide range of employees at all levels during inspections of operations and in other meetings.

Directors receive a comprehensive monthly business performance report regardless of whether a board meeting is scheduled. Directors have unrestricted access to company records and information.

Directors may obtain independent professional advice, at CSR's expense, on matters arising in the course of their board and committee duties, after obtaining the chair's approval. The board charter requires that all directors be provided with a copy of such advice and be notified if the chair's approval is withheld.

The board appoints and removes the company secretary. All directors have direct access to the company secretary who is accountable to the managing director and, through the chair, to the board, on all governance matters.

The work of directors

In addition to attending board and committee meetings, non-executive directors allocate time for, amongst other things, strategy and budget sessions, preparing for meetings and inspecting operations.

The chair commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The directors usually meet with no management present at the commencement of board meetings and on other occasions as required. Non-executive directors also meet without the managing director present where it is appropriate to do so.

Except where the directors need to meet privately, the company secretary and chief financial officer attend all board meetings. Other members of management, such as business unit executive general managers, or other functional managers also attend board meetings by invitation, where appropriate. The board also invites external experts to present to it on key matters, where appropriate.

The directors regularly visit the company's operations, as COVID-19 travel restrictions allow, to better understand the issues facing each of the businesses and their people. These visits are conducted either as a full board, a board committee or with one or two directors.

Every meeting of the Workplace Health, Safety & Environment Committee is held at a CSR site, either physically or virtually when restrictions have not enabled physical site visits.

In addition, directors may meet customers, business partners, suppliers and other stakeholders of the company as requested by management.

Size, composition and skills of the board

The board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually, and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the external environment in which CSR operates so as to be able to agree with management the objectives, goals and strategic direction to maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The board currently comprises six non-executive directors and one executive director. Information about directors, including their skills, experience, expertise and their period in office is set out on pages 44 to 45 and is available on CSR's website on the Corporate Governance page.

The chair is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive interaction is maintained by the board. The chair represents the views of the board to shareholders and canvasses the views of stakeholders, including through the annual general meeting.

In YEM21, changes to the board were as follows:

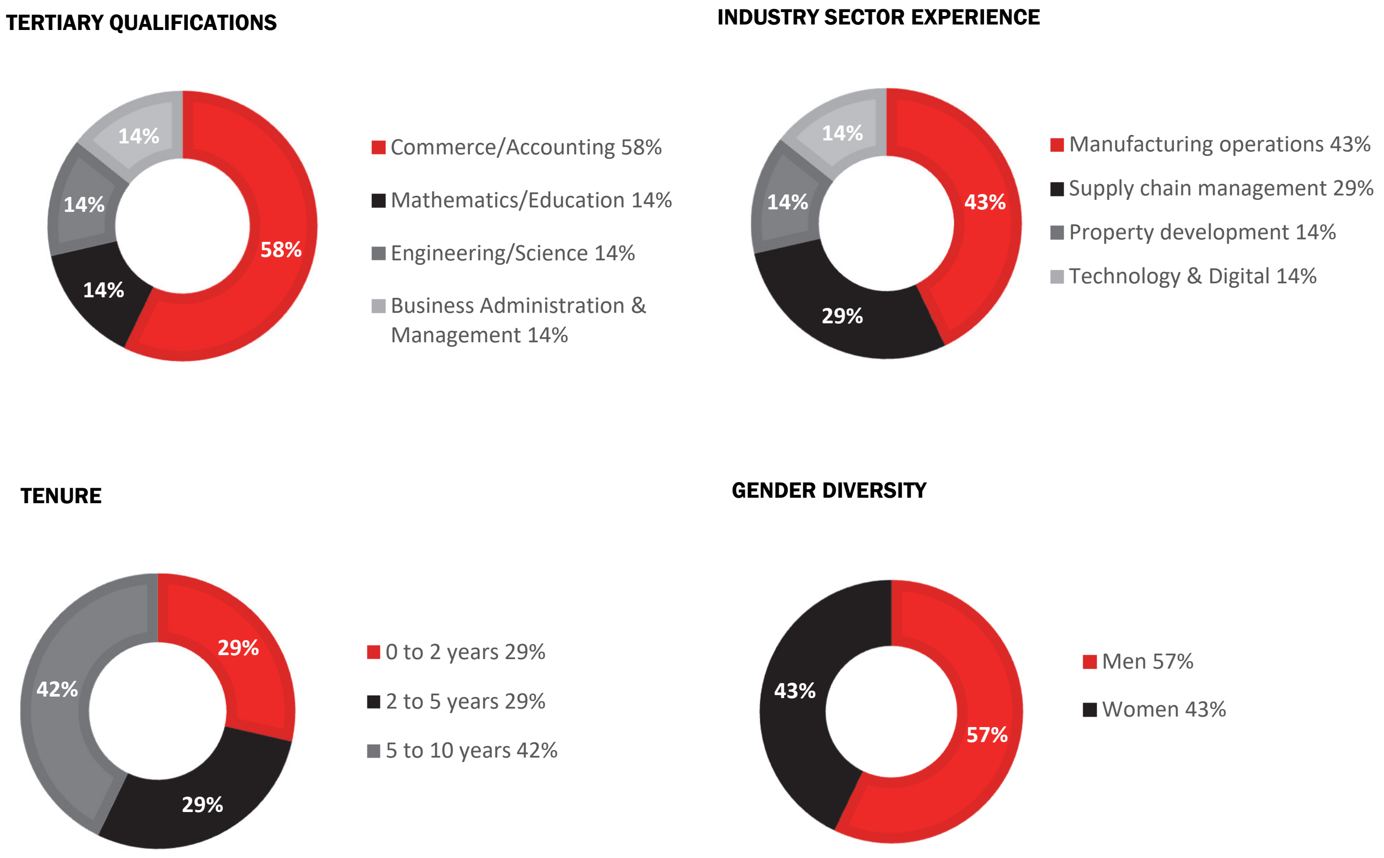
- Nigel Garrard joined the Board as an independent non-executive director on 1 December 2020.

CSR has developed a matrix of required skills and experience of the board. This matrix is developed by taking into account CSR's desire to ensure a diverse range of gender, background and experience is maintained on the board at all times, and also ensuring directors are appropriately qualified.

The board keeps the balance of skills and experience of its members, as well as their independence, under review. The board strives to achieve diversity in its composition as evidenced by the charts below.

The table on the following page sets out the skills and experience the board considers essential for effective governance, including the current representation of those skills and experience on the board.

Figure 1: Board diversity



Size, composition and skills of the board (continued)

Table 2: Summary of board skills and experience

Skills	Relevant experience	Directors with skill/experience
Leadership and Governance		
Executive leadership	Sustainable success in business at a senior executive level and a proven track record of leadership to create long-term shareholder value.	7/7
Governance and Compliance	Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous corporate governance standards, and an ability to assess the effectiveness of senior management.	7/7
Finance and Risk		
Financial acumen	Experience as a senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.	6/7
Strategy	Track record of developing and implementing a successful strategy, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.	7/7
Risk management	Track record in developing a business portfolio over the long-term that remains resilient to systemic risk, including an ability to identify key business risks (both financial and non-financial) and mitigation strategies, as well as monitoring the effectiveness of risk management frameworks and controls.	6/7
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.	7/7
Operations and Technology		
Operations and Supply chain	Experience having led or overseen the management of complex operating assets, with a focus on business operations, end to end supply chain and the oversight of key processes.	5/7
Health, safety and environment	Experience related to workplace health and safety, environmental and social responsibility, including implementing and monitoring systems to ensure safe working conditions.	6/7
Sustainability and climate change	Experience or demonstrated understanding of key environmental impacts, including climate change risks and community concerns, and the governance of these impacts.	5/7
Innovation and digital platforms	Proven success creating more effective processes, products and ideas, leading to new growth platforms. For example, experience using digital platforms to improve the service offering and subsequent performance and customer experience; or understanding how to align existing digital touch points to improve performance and customer interfaces.	4/7
People		
Human Resources and Remuneration	Board remuneration committee membership or management experience in relation to remuneration, including incentive programs and relevant legislation and contractual frameworks governing remuneration.	6/7
Culture and People	Experience and ability to develop succession plans, develop talent, oversee people management, monitor culture and improve diversity.	6/7
Marketing and Customers	Senior executive experience in consumer and customer marketing and customer service delivery.	5/7

Dealing with conflicts of interest

The board has a process in place to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned is excluded from all discussion and decision making on the matter. At all times, directors are required to keep the company secretary informed of all relevant interests and directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Performance evaluation of the board, its committees and individual directors

The performance of the board is reviewed regularly. The board undertakes a self-assessment of its collective performance and that of individual directors and its committees and seeks specific feedback from the executive management team on particular aspects of its performance.

The board establishes procedures and oversees this performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this assessment are documented, together with specific performance goals that are agreed for the coming year.

The performance of the managing director is reviewed, at least annually, through a formal performance appraisal process conducted by the non-executive directors.

In YEM21, no formal board or committee reviews were undertaken however the directors and executive management continued to provide regular feedback to the chair in relation to the processes and operation of the board. A review of the board and the Remuneration & Human Resources Committee are scheduled to be undertaken in YEM22.

Board Committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Workplace Health, Safety & Environment Committee and Remuneration & Human Resources Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee be chaired by an independent director.

Each committee has a charter which includes a more detailed description of its duties, responsibilities and specific composition requirements. The charters are available on CSR's website on the **Corporate Governance** page. The Risk & Audit Committee, the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee each comprise at least three non-executive directors and are chaired by a director who is not the chair of the board. All committees meet at least four times per year.

The managing director attends meetings of board committees by invitation. Other members of management also attend committee meetings by invitation. All directors are welcome to attend committee meetings even though they may not be a member.

Committee papers are made available to all directors before the meetings. Minutes of committee meetings are included in the papers for the next board meeting and the chair of each committee reports to the board on matters addressed by the committee.

The specific responsibilities allocated to each committee are set out below and on the following page.

Risk & Audit Committee

The Risk & Audit Committee is chaired by Mike Ihlein. Until 28 October 2020 the other members of the committee were Christine Holman and Matthew Quinn. From 29 October 2020 the other members of the committee were Christine Holman, Matthew Quinn and Penny Winn, and from 1 December 2020 the other members of the committee were Nigel Garrard, Christine Holman, Matthew Quinn and Penny Winn. Each of these directors is deemed to be independent and their qualifications and experience are set out on pages 44 and 45 of the annual report, available on CSR's website on the **Annual Reports** page.

The external audit firm partner in charge of the CSR audit attends all Risk & Audit Committee meetings by invitation, together with relevant senior managers (also by invitation).

The committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting. A summary of CSR's material environmental, social and economic sustainability risks is set out on pages 40 and 41 of this statement.

The **Risk & Audit Committee Charter** sets out the committee's specific responsibilities, and include:

- reviewing the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- considering and recommending to the board significant accounting policies and material estimates and judgements in financial reports;
- reviewing and monitoring internal controls and risk management across the group, including the risk management framework and risk appetite statements;
- reviewing and recommending to the board the adoption of the company's full-year and half-year financial statements; and
- reviewing the performance and effectiveness of the internal and external auditors.

The committee is a direct link for providing the views of internal and external auditors to the board, when necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and for separate sessions with each of the external auditor, internal auditor and chief financial officer.

Board Committees (continued)

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee is chaired by Matthew Quinn. Until 30 November 2020 the other members of the committee were John Gillam and Penny Winn. From 1 December 2020 the other members of the committee are Nigel Garrard, John Gillam and Penny Winn. Each of these directors is considered to be independent.

The committee's specific responsibilities are set out in the **Remuneration & Human Resources Committee Charter**, and include:

- advising the board on remuneration policies and practices;
- assessment of culture within the company;
- evaluating the performance of the managing director against pre-agreed goals;
- making recommendations to the board on remuneration for the managing director and executive managers reporting to the managing director; and
- overseeing CSR's human resources strategy, particularly succession and development planning for executive managers.

The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

Workplace Health, Safety and Environment (WHS&E) Committee

An important part of CSR's governance commitments includes protection of its people's workplace health and safety, and protection of the environment. The board endorsed **WHS&E Policy** details the company's and individuals' obligations in respect of WHS&E.

The board's Workplace Health, Safety & Environment Committee oversees and reports to the board on the management of the company's WHS&E responsibilities. The Workplace Health, Safety & Environment Committee is chaired by Christine Holman. Until 28 October 2020 the committee was chaired by Penny Winn and the other members of the committee were Christine Holman and Mike Ihlein. From 29 October 2020 the other members of the committee are John Gillam, Mike Ihlein and Penny Winn. The managing director and other members of management attend meetings of the Workplace Health, Safety & Environment Committee by invitation.

The committee's specific responsibilities are set out in the **Workplace Health, Safety & Environment Committee Charter**, and include:

- receiving regular performance reports from management on WHS&E matters;
- overseeing the risk management of WHS&E matters;
- reviewing the adequacy and effectiveness of CSR's WHS&E management systems and ensuring appropriate improvement objectives and targets are set and monitored; and
- monitoring potential liabilities, changes in legislation, community expectations, research findings and technological changes.

The committee conducts every meeting at a CSR site and such meetings include a presentation from local management and a site tour. During YEM21, two committee meetings were held virtually due to COVID-19 restrictions.

Nominations Committee

The company's size is not considered sufficient to warrant a separate nominations committee.

The board takes on the role of the nominations committee, which includes the following functions:

- determining the appropriate size and composition of the board (in accordance with the company's constitution);
- determining the appropriate criteria (necessary and desirable skills and experience) for the appointment of directors;
- addressing board succession, including recommending the appointment and removal of directors;
- assessing the independence of each non-executive director;
- defining the terms and conditions of appointment to and retirement from the board;
- overseeing induction and continuing education programs for non-executive directors; and
- evaluating the board's performance.

Attendance at board and committee meetings during YEM21

Details of director attendance at board and board committee meetings held during the year are provided on page 48 of the Directors' Report.

SENIOR MANAGEMENT

Delegations to management

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

The company has an executive leadership team, comprised of the managing director and direct reports. The executive team meets weekly and is responsible for:

- implementing the strategic objectives as set by the board;
- operating within the risk framework as approved by the board;
- instilling and reinforcing values as set by the board;
- all other aspects of the day-to-day management of the company; and
- ensuring timely and accurate reporting to the board and board committees.

During YEM21, progress has been made building substantial change management and transformation capability within the management team. As part of this, three new building products business units have been created, as well as new teams in areas of customer solutions, transformation and logistics to deliver the strategy set by the board.

Senior executive appointments and service agreements

CSR undertakes background checks on prospective senior executives, covering the candidates' character, experience, education, criminal record and bankruptcy history.

Senior executives' responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director's and chief financial officer's service agreements are set out in the remuneration report.

Induction of senior executives

New executives undertake a structured induction program when they join the company. This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their roles.

As discussed further below, and in the remuneration report, key performance indicators are agreed with each executive to ensure goals and performance measures are fully and accurately understood and disclosed.

Performance evaluation of senior executives

CSR's performance management framework requires that a balanced scorecard of annual key performance indicators (including financial and non-financial measures) is set for each senior executive. Every half year, each senior executive discusses their performance with their manager.

At the end of the year, as part of a formal review process, each senior executive's performance is reviewed against the performance indicators. Also, each individual's performance and behaviour are internally and externally benchmarked and assessed. CSR conducted evaluations of its senior executives in accordance with this process in October 2020, as well as in March/April 2021.

During YEM21, change management, capability and reward have been key focus areas. During the year, a review of CSR's reward strategy was undertaken considering all elements of reward across the company with particular focus on the link between performance and reward to drive a high-performance culture.

Further details of the process for evaluating the performance of key management personnel and the remuneration policy for key management personnel are provided in the remuneration report.

CODE OF BUSINESS CONDUCT, ETHICS AND CULTURE

Code of business conduct and ethics

CSR has a Code of Business Conduct and Ethics (the code) which underpins its goals and values. The code sets the standards for dealing with external stakeholders.

The underlying principle of CSR's code is that lawful, ethical and responsible behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors. The board has endorsed the **Code of Business Conduct and Ethics**.

The code formalises the longstanding obligation of all CSR's employees (including directors) and contractors, to behave ethically, act within the law, avoid conflicts of interest and act honestly and responsibly in all business activities.

The code articulates how employees are expected to operate in line with CSR's fundamental values. **CSR's Values** are set out both in the code and separately on CSR's website. The code incorporates CSR's anti-bribery and corruption policy as well as all relevant whistle-blower protection laws.

The code reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR employee and contractor is required to respect and abide by the company's obligations to employees, shareholders, customers, suppliers and the communities in which it operates.

CSR employees, directors and major contractors are required to sign a certificate of compliance each year signifying that they have read and complied with the code and are not aware of any breaches of that code.

Further, CSR employees are encouraged to report potential breaches in a number of ways, including via a confidential telephone service. The company's **Reporting Incidents Policy** provides that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the code of business conduct and ethics. The board is advised of all material breaches of the code and incidents reported under the policy via the Risk & Audit Committee.

CSR is committed to conducting business honestly and fairly and in compliance with all laws and regulations. The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM21, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Culture

Throughout YEM21, CSR has undertaken substantial work to better align culture and behaviors to the CSR strategy and purpose. CSR's remuneration framework is kept under review to ensure that at all times it is attracting diverse talent and motivating the right behaviors across the company.

Diversity at CSR

CSR has policies and practices designed to improve diversity. The company's **Fairness, Respect & Diversity Policy** is available on CSR's website.

CSR places great importance on our people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within our organisation. Improving diversity brings a range of benefits to our business, such as improved business decision making, new and different perspectives to foster innovation and ultimately better solutions for our customers.

Year on year we review our recruitment and retention strategies and practices to further support gender diversity and equity in our workplace. We have maintained regular reporting on attraction, selection and retention of female employees by tracking metrics on:

- The number of women that have joined CSR;
- Women who have left CSR and the reason for leaving;
- The gender participation ratio for CSR as well for each business unit; and
- Gender pay equity.

CSR workplace profile

The diversity of CSR's employees remains fundamental to its success and CSR is committed to increasing female representation at all levels of management and across the organisation.

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Cth), CSR submits its Gender Equality Indicators with the Workplace Gender Equality Agency. The report can be viewed at the website of the **Workplace Gender Equality Agency** and also on CSR's website. At the end of YEM21, the percentage of women in the CSR workforce was 21%. During YEM21, 21% of new hires were women.

In YEM21, the proportion of CSR's workforce currently represented by women in leadership roles is set out below:

Table 3: Women in leadership

Level of leadership	Roles	YEM21	YEM20
Directors	Board of Directors	43%[1]	50%
Executives	Executive Leadership Team (CEO-1)	25%	18%
Senior Management	Reporting to the Executive Leadership Team (CEO-2)	27%	27%

[1] In December 2020, the number of Directors increased from six to seven as a temporary measure to facilitate board transition.

Measurable objectives

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment. The achievements for YEM21 and the initiatives for YEM22, as approved by the Remuneration & Human Resources Committee, are set out below:

Table 4: Diversity measurable objectives

Measurable objective	YEM21 achievements	Overview of YEM22 initiatives
Leadership and culture	▪ Changes made to the business structure included identifying and selecting internal talent for key opportunities, resulting in 33% of all promotions during the year being women, which is higher than CSR's workforce participation rate of women of 21%	▪ Implementation of consistent behaviours, improving alignment to the newly implemented company purpose and strategy ▪ Implementation of enhanced means of measuring culture to provide more meaningful real-time insights ▪ Promote diversity and inclusion through recognition and celebration of global events ▪ Implementation of online learning tools for individual and team development
Policy & Governance	▪ Responded proactively to current and prospective employees' expectations on flexibility as a result of COVID-19, with improved processes to plan and manage flexibility and in particular remote working and working from home up to two days per week, complementing the Flex@CSR programs introduced in 2019 ▪ Gender pay analysis completed and corrective actions implemented ▪ Completed a comprehensive review of the paid parental leave policy with new processes implemented to bring it more in line with market expectations ▪ Central management of remuneration has been implemented to ensure consistency and parity throughout the company	▪ Continue the established bi-annual process to ensure gender pay parity including reviews by the executive team and the board ▪ Implementation of a paid domestic (violence) leave policy ▪ Launch of a new Wellbeing provider, aimed at providing all employees with the tools needed to stay well, both physically and mentally ▪ Continuously review company policies, procedures and ways of working to ensure that CSR's practices align with market practice
Recruitment and retention	▪ CSR monitors female voluntary terminations and seeks to understand the reasons for these ▪ 21% of all new hires were women	▪ Continue to further develop and implement a plan to improve gender participation rates for females (21% as at March 2021) to be better than the industry standard of 27.5% (ABS as at December 2020), including continuing to target recruitment of women into engineering, operations and sales roles ▪ Continue to identify female talent to be assigned to strategic on-job development opportunities

REMUNERATION

CSR's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value. Non-executive directors receive no incentive payments and there are no retirement benefit schemes in place. Executives and directors may forgo a small part of their cash salary or, for non-executive directors, their directors' fees, to acquire shares in CSR. Further details are included on page 66 of the Remuneration Report. Employees cannot approve their own remuneration, nor can they review that of their direct subordinates without their manager's approval.

The **Remuneration Report**, commencing on page 50 of the annual report, includes further details on CSR's remuneration policy and its relationship to the company's performance. It also includes details of the remuneration of directors and key management personnel for YEM21 and clearly distinguishes between the structure of non-executive director remuneration from that of the executive director and other key management personnel. Shareholders are invited to vote on the adoption of the remuneration report at the company's annual general meeting.

RISK MANAGEMENT

There are many risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses. CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place a range of policies and procedures to monitor the risk in its activities as well as defined limits of authority for all levels of management and these are periodically reviewed by the board. CSR's Risk Management Policy sets out the framework for risk management, internal compliance and control systems.

There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework:

- Risk & Audit Committee – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems including the risk framework and risk appetite statements and the internal and external audit functions;
- Workplace Health, Safety & Environment Committee – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities as well as the company's involvement in the communities in which it operates; and
- Executive management team – manages and reports to the board on business and financial risks and overall compliance.

Risk management is sponsored by the board and is a priority for senior managers, starting with the managing director. The board oversees the risk profile of CSR and ensures that business developments are consistent with the goals of CSR. The board receives monthly assurances from the management team that significant risks are being managed appropriately.

A risk management framework is in place covering business risk, financial risk, financial integrity, legal compliance and sustainability risk. The risk management framework requires current and emerging risks across the businesses to be identified, evaluated, monitored and controlled. Risks are classified as either strategic/commercial, operational, financial or compliance/conduct risks. The framework also includes evaluation of mitigation strategies.

CSR's Risk Appetite Statements, approved by the board, are core to the Risk Management Policy and defines (within practical boundaries) the amount of risk the organisation is willing to accept in pursuing its strategic objectives. By expressly articulating and documenting its Risk Appetite Statements, CSR aims to ensure that:

- risks can be measured, managed and monitored;
- risk appetites can be consistently articulated and understood by all relevant stakeholders; and
- day-to-day operations are undertaken in alignment with CSR's tolerance for risk.

The board, through the Risk & Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework, risk appetite statements and related policies.

The Risk & Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Risk & Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions.

CSR's Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where subject matter experts focus on specific risks as appropriate.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date, the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The Risk & Audit Committee reviews the risk management framework annually to confirm that the framework continues to be appropriate and effective. The most recent assessment of the risk management framework took place in October 2020.

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the CSR group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation throughout YEM21 was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

In YEM21 the board received the relevant declarations required under section 295A of the Corporations Act 2001 from the managing director and chief financial officer as well as the relevant reports and assurances that their opinions were formed on the basis of a sound system of risk management and internal controls which are operating effectively.

Financial report accountability

CSR's managing director and chief financial officer, who are present for board discussion of financial matters, declare to the board, in writing, that the company's financial statements are in accordance with relevant accounting standards, give a true and fair view in all material respects of the company's and the group's financial condition and operational results and comply with the Corporations Act 2001 and associated regulations.

The chief financial officer oversees a robust internal process, where business unit financial managers regularly meet with representatives from the corporate finance team to discuss the financial aspects of each business. This includes a review of the business unit profit and loss statement, balance sheet and all other relevant matters.

Non-financial report accountability

For those periodic corporate reports that are not audited or reviewed by the external auditor, a rigorous internal review process is implemented. This process is led by the internal subject matter experts with reviews undertaken by management and key internal stakeholders. External advice is obtained as required.

Non-audited periodic reports include the annual Sustainability Report, the Modern Slavery Statement and this corporate governance statement. These periodic reports are approved by the board.

Environmental, social and economic sustainability risks

CSR's risk management framework is intended to provide the basis for a systematic approach to the identification and management of risks. The matters below reflect CSR's material economic, environmental and social sustainability risks.

Table 5: Material economic, environmental and social sustainability risks

Key areas of materiality	Risks	Monitor and manage risk
Aluminium, currency and debt markets	▪ CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations. ▪ Some risks related to the aluminium operation cannot be hedged including regional price premiums, global relativity of price of electricity and inputs such as alumina and petroleum coke as well as changes to the joint venture structure or potential operational issues at the Tomago smelter including electricity curtailments.	▪ CSR has a policy to hedge both US dollar sales and foreign currency exposure when specific targets are met, with the primary objective of reducing short-to-medium term earnings volatility. This policy is monitored regularly by CSR's Finance Committee which includes CSR's managing director, chief financial officer, group treasurer and the general manager of Gove Aluminium Finance. ▪ CSR regularly monitors cash flow and the group financial position as part of the Finance committee's function. ▪ CSR is actively engaged with the Tomago operating committee through its position on the Tomago Board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Australian construction markets and competitor activity	▪ Approximately 70% of CSR's total revenue is generated from products and services supplied into the construction sector of Australia and New Zealand which is impacted by several macro-economic factors. ▪ Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. ▪ As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods.	▪ Reviews of market activity are factored into CSR's monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. Furthermore, the nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand. ▪ CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and provide a comprehensive service offering. ▪ The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects.
Digital and cyber security	▪ Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. ▪ CSR network and data risks for cyber security breaches.	▪ Implemented regular user security awareness training. ▪ A cyber security improvement plan launched with accreditation in accordance with ISO27001. ▪ Regular penetration testing and patching across systems.
Energy and climate change	▪ CSR's manufacturing operations use significant amounts of energy including electricity and gas. ▪ These energy costs are increasing, particularly for Tomago aluminium, which in turn impacts its cost competitiveness compared to global smelters. ▪ The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning may impact the availability and nature of energy supply as well as how CSR manages our land assets and business processes.	▪ For 2030, CSR has set new 10 year targets which cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity. ▪ Initial three year planning is underway as a pathway to achieve 2030 targets which is monitored and reviewed regularly by senior management and the board Workplace Health, Safety & Environment Committee. ▪ Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. ▪ CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. ▪ Alternative energy sources including solar power systems are installed at some sites in addition to site specific energy reduction initiatives. ▪ Transition risk assessment scenarios were completed for Gyprock plasterboard and Bradford insulation, two of CSR's largest businesses by revenue. This analysis focused on transition (market, policy & regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks.

Environmental, social and economic sustainability risks (continued)

Table 5: Material economic, environmental and social sustainability risks (continued)

Key areas of materiality	Risks	Monitor and manage risk
Product liability	▪ Previous involvement in asbestos in Australia and exporting asbestos to the United States. ▪ CSR ceased asbestos mining in 1966 and divested remaining interests in 1977.	▪ CSR meets all valid claims in both Australia and the United States on an equitable basis. ▪ The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US$ exchange rate.
Reputational risk associated with breach of social licence to operate	▪ CSR operates a number of factories across Australia and New Zealand and employs over 2,500 employees. ▪ CSR's activities can impact the community and environment in which it operates.	▪ CSR's code of business conduct sets out the behaviours expected of all employees, suppliers and other contractors. Compliance with the code is measured annually. ▪ There is a dedicated, external confidential hotline available to employees and other stakeholders for reporting misconduct.
Supply Chain and product compliance	▪ CSR relies on an extensive supply chain to manufacture and distribute its products and services. ▪ This supply chain can be impacted by natural, political or technological disruptions which the company reviews to develop alternative supply options and minimise the risk of potential supply dislocation. ▪ Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services.	▪ CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations. ▪ CSR has launched a two-year work plan to develop and implement its sustainable procurement strategy. This process will also align CSR with the requirements of Australian Modern Slavery legislation. ▪ The company's Supplier Code of Conduct sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas. ▪ CSR has set targets out to 2030, with a view to increasing the quantity of products purchased from social enterprises.
Workplace health and safety	▪ CSR has a stated long-term objective of achieving zero harm to CSR people across all operations.	▪ The board WHS&E Committee regularly reviews initiatives targeting improved safety performance across CSR's businesses.

Note: Material Risks are listed alphabetically.

Role of the external auditor

The Risk & Audit Committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence:

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the committee or, between committee meetings by the chair of the committee;
- the external audit engagement partner and review partner must be rotated every five years;
- procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are set out in the committee charter; and
- the external auditor confirms its independence within the meaning of applicable legislation and professional standards at each half-year and full-year.

The external auditor attends the company's annual general meeting so shareholders are given the opportunity to ask questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Role of the internal auditor

The Risk & Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor.

The internal audit function is led by the head of legal, company secretary and risk and provides objective assurance to management and the board on the effectiveness of CSR's internal control, risk management and governance systems and processes. The function oversees the execution of the internal audit plan, as approved by the Risk & Audit Committee. The head of legal, company secretary and risk has a reporting line to the chief financial officer as well as to the Risk & Audit Committee.

The role of the internal auditor is to:

- report to the board through the Risk & Audit Committee on CSR's compliance against its governance framework and policies, including investigating, and advising on, any potential or actual breaches;
- oversee the implementation of CSR's risk framework across the organisation; and
- recommend improvements to the company's risk management framework.

The function comprises a mix of qualified in-house professionals and support from relevant external expertise. The internal audit function has full access to all CSR businesses, records and personnel. Noting the reporting line and the combined role of the Head of Legal, Company Secretary and Risk, the board does not consider the internal audit function to be completely independent of management. In cases where this may impact the objectivity of the function, then external auditors/investigators are retained.

The internal audit plan is formulated using a risk-based approach to align assurance with CSR's key risks. Internal audit activity and outcomes are reported to the Risk & Audit Committee at least bi-annually.

ENGAGEMENT WITH STAKEHOLDERS

CSR has a number of stakeholders including shareholders, employees, customers, suppliers and local communities. The board identifies and prioritises CSR's key stakeholders, develops a strategy for engagement with stakeholders and supports management to engage with key stakeholders to understand, consider and respond to issues.

Continuous disclosure

CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR, in a factual, timely and widely available manner. CSR has a long established practice of providing relevant and timely information to stakeholders, supported by its **Share Market Disclosure Policy** which details comprehensive procedures to ensure compliance with all legal obligations. Under this policy, any price sensitive material for public announcement, including full-year and half-year results announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR, will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's website.

The policy limits external briefings in the periods between the end of a full-year and half-year and the release to the ASX of the relevant results.

The board has responsibility for compliance with CSR's continuous disclosure obligations to keep the market fully informed of information that may have a material effect on the price or value of CSR's securities. Internal procedures and guidelines for continuous disclosure and communications have been developed. These procedures sit together with CSR's Share Market Disclosure Policy to ensure the board and the Corporate Governance and Disclosure Committee is made aware of any information that should be considered for release to the market.

CSR's Corporate Governance and Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. Members of this committee are the managing director, chief financial officer, chair of the Risk & Audit Committee, company secretary and general manager investor relations and corporate communications.

The managing director approves all disclosures before they are released. The board approves all disclosures that are significant. All announcements include a statement identifying the title of the body, or the name and title of the officer of the company, who approved the disclosure. Directors receive a copy of all ASX disclosures promptly following release.

The Share Market Disclosure Policy is reviewed regularly to ensure compliance with the ASX Listing Rules and guidance on continuous disclosure.

The company secretary is responsible for communications with the ASX.

Commentary on financial results

CSR provides a review of operations and financial performance in the full-year and half-year results, which also includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chair's and managing director's addresses at the company's annual general meeting are made available on **CSR's website**.

Other engagement activities

CSR strives to communicate effectively with shareholders about the company's performance, presenting the annual report and other corporate information in clear language, supported by descriptive graphics and tables. This approach is outlined in the company's **Shareholder Communication Policy.**

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continuously with shareholders, and the share market in general. Announcements to the ASX, significant briefings, presentations, notices of meetings and speeches at annual general meetings are promptly posted on the **Investors and News** section of CSR's website.

Shareholders can register to receive shareholder information and can lodge proxies electronically for the annual general meeting. The annual general meeting, results announcements and other major briefings are available via a live webcast from CSR's website, for access by all interested parties.

Shareholders are encouraged to submit questions or comments ahead of, or during, the company's annual general meeting. Members of senior management are present at the annual general meeting, along with directors, to answer questions about the company's operations. On occasions when the annual general meeting may be held as a hybrid or virtual meeting, an opportunity for shareholders to ask questions and vote in real time will be made available. All resolutions at the annual general meeting are decided by a poll rather than on a show of hands.

The company's **Sustainability Report** provides information on CSR's sustainability record across a number of priority areas including the environment, people and safety, community and supply chain.

The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM21, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Details of the company's engagement with the community are available in the **Sustainability Report** found on CSR's website.

Role of the investor relations function

CSR's investor relations function is designed to ensure that the market is kept informed of all aspects relevant to the company and also to provide an opportunity for investors and other stakeholders to express views on the company. The program includes lodgement of information on the ASX platform, managing and updating the CSR website, investor roadshows, conferences and other briefings with all materials lodged with the ASX prior to distribution.

CSR utilises the following activities to promote effective communication with the market:

- comprehensive and up to date company website;
- investor briefings, presentations, conferences and other events;
- encouraging questions via the company's website and ahead of the AGM as outlined in the Notice of Meeting; and
- webcasting important company events.

SHARE TRADING POLICY

Under the company's **Share Trading Policy**, directors, senior managers and identified designated employees may only buy or sell CSR shares, or give instructions to the trustee of CSR's employee share acquisition plan (ESAP), or vary their participation in the dividend reinvestment plan (DRP) during one month periods commencing 24 hours after the date of the full-year and half-year results announcements and the annual general meeting. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf.

Additional clearance requirements apply to directors of CSR Limited, the managing director, chief financial officer as well as senior executives who are eligible to participate in CSR's long-term incentive plan. Each of these individuals must obtain clearance for any proposed dealing in CSR's securities.

Under the policy, and as required by law, all directors and employees are prohibited from buying or selling CSR shares at any time if they are aware of any market sensitive information that has not been made public. All CSR share dealings by directors are notified to the ASX within the required time. Additional trading restrictions apply to key management personnel.

OTHER IMPORTANT POLICIES

In addition, the board has adopted specific internal policies in key areas, including trade practices; workplace health, safety and the environment; fairness, respect and diversity in employment; capital investment; dealing with price sensitive and other confidential information; privacy; indemnification of employees; and requirements for authorising and entering into business transactions on behalf of CSR.

DISCLOSURE

CSR considers that the above corporate governance practices comply with the ASX CGC Principles and Recommendations (4th edition).

The company's corporate governance framework is kept under review, with a report provided to the board by the company secretary at least annually, recommending any improvements necessary to respond to changes to the company's business or applicable legislation and standards.

BOARD OF DIRECTORS

The Board of Directors are responsible for and oversee the governance, culture and management of CSR. CSR's shareholders approve the appointment of Directors and hold them accountable for the performance of the Company.

JOHN GILLAM

BCom, MAICD, FAIM.

Chair of the board since 1 June 2018, non-executive director since December 2017.

Other CSR responsibilities: Member of the Remuneration & Human Resources Committee and Workplace Health, Safety & Environment Committee.

Experience and expertise: John joined Wesfarmers Limited in 1997 and held a number of senior leadership roles in the company over 20 years, including CEO of the Bunnings Group from 2004 to 2016, Managing Director of CSBP from 2002 to 2004 and Chairman of Officeworks from 2007 to 2016.

Other directorships/offices held:
- Chairman of Nufarm Limited (Director since July 2020 and Chair since September 2020 to current)
- Chairman of BlueFit Pty Limited (2018 to current)
- Director of Trinity Grammar School, Kew (2018 to current, Chairman to July 2020)
- Director of Heartwell Foundation (2009 to current)
- Director of Clontarf Foundation (2017 to current)

JULIE COATES

BA, DipE.

Appointed to the board as an executive director and managing director on 2 September 2019, having joined CSR on the same date.

Other CSR responsibilities: Attends committee meetings by invitation.

Experience and expertise: Julie was formerly the managing director of Goodman Fielder Australia and Goodman Fielder New Zealand. Julie has also held several senior roles at Woolworths Limited, including managing director of Big W, chief logistics officer and human resources director, working closely on business strategy and major transformational change programs, delivering strong results at both a divisional and group level. Julie has proven leadership skills, a strong understanding of manufacturing, safety and operational processes and deep experience in supply chain efficiency, optimisation and digitisation.

Other directorships/offices held:
- Previously a non-executive director of Coca-Cola Amatil Limited (2018 to 2019)

NIGEL GARRARD

BEc, CA, MAICD.

Non-executive director since December 2020.

Other CSR responsibilities: Member of the Risk & Audit Committee and Remuneration & Human Resources Committee.

Experience and expertise: Nigel was formerly managing director and CEO of leading packaging manufacturing company Orora Limited from 2013 to 2019. Nigel has also held a number of senior positions in a range of manufacturing industries including managing director/president of Amcor Australasia & Packing Distribution, managing director Coca-Cola Amatil Food & Services Division and managing director of the then listed SPC Ardmona.

Other directorships/offices held:
- Non-executive director of Ansell Limited (2020 to current)
- Chairman of McMahon Services Aust. Group advisory board (2019 to current)
- Director of Hudson Institute Medical Research (2016 to current)
- Director of Detmold Group advisory board (2020 to current)
- Previously a director of Orora Limited (2013 to 2019)

CHRISTINE HOLMAN

PGDipBA, MBA, GAICD.

Non-executive director since October 2016.

Other CSR responsibilities: Chair of the Workplace Health, Safety & Environment Committee and member of the Risk & Audit Committee.

Experience and expertise: Christine was formerly commercial director at Telstra Broadcast Services until March 2016 and chief financial officer and commercial director of Globecast Australia until June 2015. Christine also spent seven years at Capital Investment Group involved in strategy, business development and mergers and acquisitions. Christine has over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing.

Other directorships/offices held:

- Non-executive director of Metcash Limited (2020 to current)
- Non-executive director of Blackmores Limited (2019 to current)
- Non-executive director of Collins Foods Limited (2019 to current)
- Non-executive director of The Moorebank Intermodal Company, a Federal Government Business Enterprise (2018 to current)
- Non-executive director of The Bradman Foundation (2016 to current)
- Non-executive director of the State Library of NSW Foundation (2017 to current)
- Non-executive director of the T20 World Cup 2020 Cricket Board (2018 to current)
- Non-executive director of the McGrath Foundation (2020 to current)
- Previously a non-executive director of HT&E Limited (2015 to 2018)
- Previously a non-executive director of WiseTech Global Limited (2018 to 2019)

MIKE IHLEIN

BBUS (Accounting), FAICD, FCPA, FFIN, MFEI.

Non-executive director since July 2011.

Other CSR responsibilities: Chair of the Risk & Audit Committee and member of the Workplace Health, Safety & Environment Committee.

Experience and expertise: Mike was formerly chief executive office and executive director of Brambles Limited until November 2009, prior to which he was Brambles chief financial officer for four years. Mike has also had a long career with Coca-Cola Amatil Limited including seven years as chief financial officer and executive director and a number of senior operational, finance, business development and treasury roles including managing director of Coca-Cola Amatil Poland.

Other directorships/offices held:

- Non-executive director of Scentre Group (2014 to current)
- Non-executive director of Inghams Group Limited (2020 to current)
- Non-executive director of Ampol Limited (2020 to current)
- Non-executive director of Kilfinan Australia Limited (2016 to current)
- Previously a non-executive director of Snowy Hydro Limited (2012 to 2019)

MATTHEW QUINN

BSc (HONS), ACA, ARCS.

Non-executive director since August 2013.

Other CSR responsibilities: Chair of the Remuneration & Human Resources Committee and member of the Risk & Audit Committee.

Experience and expertise: Matthew was formerly managing director of Stockland for 12 years until January 2013. Matthew has an extensive background in commercial, retail, industrial and residential property investment, development and environmental land rehabilitation.

Other directorships/offices held:

- Chairman of Class Super (Director since 2015, Chair since 2017 to current)
- Chairman of TSA Management Group Holdings Pty Limited (2018 to current)
- Non-executive director of Regis Healthcare Limited (2018 to current)
- Non-executive director of Elders Limited (2020 to current)
- Member of the Australian Business and Community Network Scholarship Foundation

PENNY WINN

BCOM, MBA, GAICD.

Non-executive director since November 2015.

Other CSR responsibilities: Member of the Risk & Audit Committee, Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee.

Experience and expertise: Penny was formerly director of Group Retail Services with Woolworths responsible for leading the Logistics and Information Technology divisions and the Customer Engagement teams, a position held until October 2015. Penny has over 30 years of experience in retail in senior management roles in Australia and overseas, including experience in workplace health & safety.

Other directorships/offices held:

- Non-executive director of Ampol Limited (2015 to current)
- Non-executive director of Goodman Limited and Goodman Funds Management Limited (2018 to current)
- Board member of the ANU Foundation (2020 to current)
- Previously Chairman of Port Waratah Coal Services Limited (2015 to 2019)
- Previously a non-executive director of Coca-Cola Amatil Limited (2019 to May 2021)

DIRECTORS REPORT

The board of directors of CSR Limited (CSR) presents its report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2021. The information appearing on pages 46 to 70 forms part of the directors' report and is to be read in conjunction with the following information:

Principal activities

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia and New Zealand.

In Australia, the CSR group has an interest in the smelting of aluminium through its 70% interest in Gove Aluminium Finance Limited, which owns 36.05% of the Tomago aluminium smelter located near Newcastle, NSW.

CSR also maximises returns from the sale of its surplus land by advancing sites through stages of the development process.

Review of operations and financial results

A review of the CSR group operations and results for the year ended 31 March 2021 is set out on the inside front cover to page 43 and pages 71 to 112 of the annual report and forms part of the directors' report. This includes the summary of consolidated results as well as an overview of the group's strategy, material risks and future prospects.

Significant changes

There have been no significant changes to the CSR group in the financial year ended 31 March 2021.

Impact of COVID-19 pandemic

The CSR group has managed, and continues to actively manage, the risks arising from the COVID-19 pandemic and any known impacts have been reflected in the financial statements for the year ending 31 March 2021.

CSR's response includes a financial response plan that incorporates scenario and contingency planning at various levels of construction activity. In addition to a CSR group business continuity plan (BCP), all CSR businesses have tailored BCPs, which are specific to their business and contemplate the operational responses at various levels of construction activity.

As at 31 March 2021, CSR had cash of $250.8 million and $420.0 million in undrawn borrowing facilities. This provides CSR with financial flexibility to manage during an uncertain business activity environment.

Events after balance sheet date

Dividends

On 12 May 2021 the board resolved to pay a final dividend of 14.5 cents per share and a special dividend of 9.5 cents per share. Both of these dividends will be fully franked at the 30% corporate tax rate.

The final and special dividend for the financial year ended 31 March 2021 have not been recognised in this financial report.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the CSR group's operations, the results of those operations or the CSR group's state of affairs in future financial years.

Dividends and distributions to shareholders

Dividends through the year have been as follows:

- an interim ordinary dividend of 8.5 cents per ordinary share and an interim special dividend of 4.0 cents per ordinary share (100% franked at the 30% corporate tax rate) was paid on 8 December 2020 (as set out in note 19 to the financial statements on page 92).

No other distributions were paid during the year.

Options over share capital

Other than as disclosed in the Remuneration Report:

- no CSR options were granted to executives or non-executive directors during the year;
- there were no unissued shares or interests in CSR subject to options at the date of this report; and
- no CSR shares or interests were issued pursuant to exercised options during or since the end of the year.

Indemnities and insurance

Under rule 101 of CSR's constitution, CSR indemnifies every person who is or has been an officer of CSR, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001* against:

- liability incurred by that person as an officer of CSR (including liabilities incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director); and
- reasonable legal costs incurred in defending an action for a liability or an alleged liability incurred by that person as such an officer of CSR (including such legal costs incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director).

For the purposes of rule 101 of CSR's constitution, 'officer' means a director, secretary and executive officer of CSR (as defined in the *Corporations Act 2001*).

CSR has entered into a deed of indemnity, insurance and access with current and former directors of CSR and its subsidiaries. Under each director's deed, CSR indemnifies the director against all costs, losses or liabilities, including without limitation, legal costs and expenses, on a full indemnity basis, incurred by the director in their capacity as a director of CSR or, in some cases as a director of a CSR subsidiary. The deeds also provides directors certain rights of access to board papers and require CSR to maintain insurance cover for directors. No director or officer of CSR has received benefits under an indemnity from CSR during or since the end of financial year.

CSR's external auditor is not indemnified under rule 101 of CSR's constitution or any agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2021 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ended 31 March 2022. The insurance contracts insure against certain liability (subject to exclusion) incurred by persons who are or have been directors or officers of CSR and its controlled entities.

In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No claims under the indemnities have been made against CSR during or since the end of the year.

Performance in relation to environmental regulation

The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of CSR's compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia and of New Zealand. CSR is not aware of any pending prosecutions relating to environmental issues, nor is CSR aware of any environmental issues, not provided for, which would materially affect the business as a whole.

Political donations

CSR attended a small number of events organised by political parties such as conferences in the year ended 31 March 2021. CSR's businesses are often involved in a degree of interaction with all levels of government. CSR assists all sides of politics in the development of policy in fields where CSR has specific expertise. No fees were paid to attend these events (2020: $nil) and as such disclosure to the Australian Electoral Commission was not required.

Auditor independence

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is, or was at any time during the year ended 31 March 2021, an officer of the CSR group. No auditor who played a significant role in the CSR group audit for the year ended 31 March 2021 has done so for a period exceeding the extended audit involvement period of five successive financial years. The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 49.

Non-audit services

Details of the amounts paid or payable to the CSR group auditor, Deloitte Touche Tohmatsu, for non-audit services provided by that firm during the year are shown in note 33 to the financial statements on page 110. In accordance with written advice provided by the Risk & Audit Committee, the directors are satisfied that the provision of non-audit services during the year by Deloitte Touche Tohmatsu:

- is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and
- did not compromise the auditor independence requirements of the *Corporations Act 2001* in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

Proceedings on behalf of CSR

No proceedings have been brought, or intervened in, on behalf of CSR, nor has any application for leave been made in respect of CSR under section 237 of the *Corporations Act 2001*.

Remuneration of directors and key management personnel (KMP)

The remuneration report on pages 50 to 70 provides: a summary of the board's remuneration policy and practices during the past year as they apply to directors and other KMP (as defined by the Accounting Standard AASB 124 *Related Party Disclosures*); the relationship between remuneration policy and the CSR group's performance; and the remuneration details for each director and other KMP.

Directors and company secretary

On 1 December 2020 Mr Nigel Garrard was appointed as a non-executive director.

The names of directors who held office at 12 May 2021, as well as details about current directors' period of appointment, qualifications, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies, are on pages 44 and 45 and forms part of the directors' report.

The qualifications and experience of the company secretary at 12 May 2021 are as follows:

Debbie Schroeder
BED (HONS), LLB, GAICD, AGIA.

Joined CSR in 2001 and has been company secretary since 2010. In 2018, Debbie was appointed head of risk and internal audit, and in July 2020 was also appointed head of legal. Prior to joining CSR, Debbie was a lawyer at Tress Cocks & Maddox and Landers & Rogers. Debbie has extensive experience in corporations law and corporate governance, risk management and compliance, dispute resolution, employment law and insurance. Debbie holds a Graduate Diploma in Applied Corporate Governance, is an Associate of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors (AICD).

Directors' meetings and directors' shareholdings

The number of meetings of the company's board of directors and each board committee held during the year ended 31 March 2021, and the number of meetings attended by each director are detailed in Table 1 below. The directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are detailed in the remuneration report on pages 69 and 70. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate.

Table 1: Meetings of directors

Year ended 31 March 2021	CSR Board[1]		Risk & Audit Committee		Workplace Health, Safety & Environment Committee		Remuneration & Human Resources Committee	
	Held[2]	Attended[3]	Held[2]	Attended[3]	Held[2]	Attended[3]	Held[2]	Attended[3]
John Gillam[4]	17	17	n/a	5	2	2	4	4
Nigel Garrard[5, 6]	3	3	1	1	n/a	–	1	1
Christine Holman[7]	17	17	5	5	4	4	n/a	4
Michael Ihlein[7]	17	17	5	5	4	4	n/a	3
Matthew Quinn[6]	17	17	5	5	n/a	–	4	4
Penny Winn[8]	17	17	1	5	4	4	4	4
Julie Coates	17	17	5	5	4	4	4	4

1 Includes additional meetings held to specifically discuss COVID-19 implications.
2 Meetings held while a member.
3 Meetings attended.
4 A member of the Workplace Health, Safety & Environment Committee from 29 October 2020.
5 Appointed as non-executive director from 1 December 2020.
6 Director is not a member of the Workplace Health, Safety & Environment Committee.
7 Director is not a member of the Remuneration & Human Resources Committee.
8 A member of the Risk & Audit Committee from 29 October 2020.

John Gillam
Chair of the board

12 May 2021

Julie Coates
Managing Director and CEO

12 May 2021

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Triniti 3
39 Delhi Road
North Ryde NSW 2113

12 May 2021

Dear Directors

CSR Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

REMUNERATION REPORT

Shareholder letter

Dear Shareholder

On behalf of the board, I am pleased to present CSR's Remuneration Report for the year ended 31 March 2021 (YEM21).

One of our most important roles as a board is to implement a remuneration framework for our senior executives and employees that is fair, reasonable and motivates them to deliver strong performance. The key principle of our remuneration strategy is alignment of executive and shareholder outcomes.

We meet regularly with major shareholders and their advisors to discuss the framework and ensure it remains fit for purpose in a dynamic and rapidly changing business environment.

YEM21 targets and performance

The financial targets for YEM21 were set by the board in March 2020 prior to the commencement of the financial year, before the impact of the COVID-19 pandemic could be foreseen.

The COVID-19 pandemic created uncertainty and challenges, and it was clear that the risks to the businesses operations and the financial results would need to be closely managed. At the onset of the pandemic, the leadership team acted immediately and decisively. Business continuity plans were deployed, cost disciplines and new ways of working embedded.

Notwithstanding the uncertainty of the pandemic, the management team continued to implement the business strategy to streamline CSR's operating model from five to three business units, along with a dedicated focus on logistics and customer solutions. The business is now leaner and fit for purpose, and CSR is well positioned to drive the most competitive product and service solutions for the market.

The business has been well managed by the executive leadership team through a year of uncertainty and change, delivering strong financial performance and positive outcomes for shareholders. The share price hit a 10 year high in April 2021 and the YEM21 full year dividend is the highest in 12 years.

Remuneration outcomes

Despite the onset of COVID-19, the board and executive team agreed that the original financial targets set in March 2020 should remain unchanged for the purpose of assessing performance for STI, and we are pleased to report that CSR's YEM21 EBIT exceeded the target.

The board also determined that certain significant items should be adjusted for in determining STI, reducing EBIT for STI assessment purposes from $238 million to $230 million. Even allowing for this adjustment, the STI payout reflects stretch performance against targets set at the beginning of the year. As a result, the management team and employees have been appropriately rewarded for their efforts and results.

Apart from the downward adjustment for significant items, the board has not exercised any discretion in determining the STI award for YEM21.

Looking forward

YEM21 was a very good year for CSR, both in terms of financial performance and setting the company up for success. The board is confident that our remuneration framework is appropriate and will motivate our executives to create value for our shareholders in the long term.

Matthew Quinn
Chair, Remuneration & Human Resources Committee

Overview

1 Basis of preparation of the Remuneration Report

This Remuneration Report provides a summary of CSR's remuneration policy and practices during the past financial year as they apply to CSR directors and executives.

The Remuneration Report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and Corporations Regulation 2M.3.03 and has been audited by CSR's external auditor.

The report contains an overview which is intended to provide a 'plain English' explanation for shareholders of the key management personnel (KMP) and senior executives' actual remuneration outcomes for the year ended 31 March 2021 (YEM21) and the remuneration framework. The report also details proposed changes for the financial year ended 31 March 2022 (YEM22).

Consistent with prior years, actual remuneration of executive KMP has been included in the Remuneration Report in section 3.

2 Key management personnel (KMP) and senior executives

KMP for YEM21 are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

Given the flat organisational structure of the company and following a review of senior executives against the criteria for determining executive KMP, only the Managing Director and CEO and Chief Financial Officer qualify as executive KMP, consistent with prior years.

Table 1: Key management personnel

Name	Position	Term as KMP
Non-executive Directors (NEDs)		
John Gillam	Director and Chair of the board	Full year
Nigel Garrard	Director	From 1 December 2020
Christine Holman	Director	Full year
Michael Ihlein	Director	Full year
Matthew Quinn	Director	Full year
Penny Winn	Director	Full year
Executive KMP		
Julie Coates	Managing Director and CEO	Full year
David Fallu	Chief Financial Officer and Executive General Manager, Property and Aluminium	Full year

The senior executives are detailed in the table below. Following the business reorganisation undertaken during YEM21, there have been some changes to the senior executives.

These senior executives are not KMP as defined by AASB 124. In some cases, where aspects of remuneration apply to other senior roles within CSR, the term 'executive' is also used.

Table 2: Senior executives

Name	Position	Term as senior executive
Current senior executives		
Amy Bentley	Executive General Manager, Logistics	From 14 September 2020
Paul Dalton	Executive General Manager, Interior Systems	From 28 September 2020
Catherine Flynn	Executive General Manager, Human Resources	From 4 May 2020
Andrew Mackenzie	General Manager, Property	Full year
Gary May	Executive General Manager, Customer Solutions	From 1 June 2020
Andrew Rottinger	Executive General Manager, Construction Systems	From 17 June 2020
Anthony Tannous	Executive General Manager, Masonry & Insulation	Full year
Mark White	General Manager, Aluminium	Full year
Cameron Webb	Executive General Manager, Transformation, Technology & Digital	From 28 September 2020
Former senior executives		
Ian Hardiman	Executive General Manager, New Business, Innovation & Technology	To 5 June 2020
Nick Pezet	Executive General Manager, PGH Bricks	To 3 July 2020
Andrea Pidcock	Executive General Manager, Interior Systems	To 4 September 2020

Remuneration and performance outcomes

3 Actual remuneration

The actual remuneration disclosure has been prepared to provide shareholders with a view of CSR's remuneration structure and how remuneration was paid to the executive KMP for YEM21. The board believes presenting information in this way provides shareholders with increased clarity and transparency of executive KMP remuneration, clearly showing the amounts awarded for each remuneration component (fixed, short and long-term) within the financial year. This disclosure differs from the statutory remuneration disclosures contained in section 10, with a summary of the differences detailed in the table below.

Table 3: Comparison of actual and statutory remuneration disclosures

	Fixed annual remuneration	Short-term incentive (STI)	Long-term incentive (LTI)	Leave accruals	Other benefits
Actual remuneration disclosures	Cash salary, superannuation contributions and other eligible salary sacrifice benefits	STI award for YEM21, inclusive of the 40% STI deferral, expressed as a cash value	Value of LTIs that have vested during the year, calculated based on the number of shares valued using the five day volume weighted average price (VWAP) prior to issue of the shares. Excludes the value of unvested LTIs at 31 March 2021	Not included	Includes Universal Share Ownership Plan (USOP) and other costs relating to company business or contractual obligations, where the benefit has been received
Statutory remuneration disclosures	As above	STI award for YEM21, exclusive of STI deferral, plus amortisation of STI deferrals relating to current year and prior two years	Value of LTIs recorded in accordance with accounting standards (based on fair value determined at grant date expensed over the vesting period). The amount for YEM21 relates to YEM19 to YEM21 LTI grants	Included	As above, except where Performance Rights Plan (PRP) rights are granted as part of contractual obligations. These are expensed over the vesting period

Executive KMP actual remuneration

Actual remuneration received by executive KMP is set out in table 4 below and is prepared on the basis summarised in table 3. Commentary on the key components of remuneration is set out in table 5 below.

Table 4: Actual remuneration received by executive KMP

Year ended $	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits	Total
31 March 2021					
Julie Coates	1,150,000	1,104,000	–	–	2,254,000
David Fallu	700,000	700,000	92,827	999	1,493,826
Total	1,850,000	1,804,000	92,827	999	3,747,826
31 March 2020					
Julie Coates	670,833	–	–	–	670,833
David Fallu	631,625	–	–	1,563	633,188
Rob Sindel[1]	678,254	522,000	683,048	–	1,883,302
Total	1,980,712	522,000	683,048	1,563	3,187,323

1 Actual fixed remuneration for Mr Sindel for YEM20 was up to September 2019. The short-term incentive represents a special incentive paid to Mr Sindel based on goals set by the board and determined for services up to 31 August 2019.

Table 5: Commentary on actual remuneration received by executive KMP

Area	Explanation
Total remuneration	▪ Total actual remuneration has increased due to higher STI outcomes in YEM21, with Ms Coates and Mr Fallu forfeiting any entitlement to a STI in YEM20, in recognition of the uncertainty arising from the COVID-19 pandemic when the STI awards were determined in May 2020. ▪ Further detail on the STI awarded is detailed below and in section 4.
Fixed remuneration	▪ Ms Coates' fixed remuneration was not increased during the year. As Ms Coates' commenced as Managing Director and CEO on 2 September 2019 the YEM20 total remuneration does not include a full year of fixed remuneration. ▪ Mr Fallu's fixed remuneration was increased from 1 April 2020 from $635,500 to $700,000 per annum, as a market adjustment to align with a relevant industry peer group.

3 Actual remuneration (continued)

Table 5: Commentary on actual remuneration received by executive KMP (continued)

Area	Explanation
Short-term incentives	▪ The board assessed Ms Coates' performance against the objectives set and determined that Ms Coates would be awarded an STI between target and stretch. The STI outcome recognises Ms Coates' leadership of the business over the last year, including the significant efforts to deliver financial results above the target while managing the business through a period of uncertainty and disruption due to the COVID-19 pandemic. In addition, significant progress has been made implementing the CSR strategy, including streamlining of the business operating model to focus on driving the most competitive product and service solutions for the market. The STI award represents 96% of Ms Coates' maximum STI opportunity for YEM21. ▪ The board assessed Mr Fallu's performance against the objectives set and determined that Mr Fallu would be awarded an STI at stretch. The STI outcome recognises Mr Fallu's management of the business during the COVID-19 pandemic and significant role in the CSR strategy implementation. Mr Fallu has played a critical role in managing the financial uncertainty faced by the business throughout the COVID-19 pandemic and has led the Property and Aluminium businesses, both of which have delivered strong financial performances in YEM21 and progressed their respective strategies. The STI award represents 100% of Mr Fallu's maximum STI opportunity for YEM21. ▪ Further detail on the STI outcomes is included in sections 4 and 7.
Long-term incentives	▪ Long-term incentives represent the partial vesting of the YEM18 LTI for Mr Fallu. ▪ Further detail is included in sections 4, 8 and 12.
Other benefits	▪ Other benefits included USOP. ▪ There were no termination benefits paid to executive KMP during the year.

Senior executive actual remuneration

The year-on-year change in total actual remuneration for senior executives is summarised in the table below and is prepared on the basis outlined in table 3. The analysis excludes the executive KMP.

The disclosure of senior executives for YEM21 has been expanded by two existing roles and now includes all Executive General Managers reporting to the Managing Director and CEO and the General Manager of Aluminium and the General Manager of Property. Due to changes in the composition of senior executives during YEM21, the senior executive actual remuneration disclosure is not directly comparable to YEM20.

The increase in total remuneration is due to higher STI outcomes in YEM21 with the senior executives forfeiting any entitlement to an STI in YEM20 in recognition of the uncertainty arising from the COVID-19 pandemic. Further explanation on STI outcomes is set out in table 7 over the page.

Table 6: Senior executive remuneration

Year ended 31 March $	Actual fixed remuneration received[1]	Short-term Incentive[2]	Long-term incentive	Other benefits[3]	Total
2021	4,094,123	2,586,859	446,211	2,996	7,130,189
2020	3,731,054	–	693,887	5,876	4,430,817

1 Actual fixed remuneration received is based on the term as a senior executive and includes the three former senior executives listed in table 2.
2 In recognition of the uncertainty arising from the COVID-19 pandemic senior executives forfeited any entitlement to an STI in YEM20.
3 Other benefits include USOP.

4 Performance outcomes

Summary of performance outcomes for YEM21

A summary of the YEM21 short-term and long-term incentive outcomes are set out in table 7 and table 8 below, with further detail included in sections 7 and 8 respectively.

Table 7: YEM21 short-term incentive outcomes

Area	Explanation
YEM21 financial targets for STI purposes	▪ At the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for a certain level of sustainable returns. ▪ As earnings before interest and tax (EBIT) is the primary STI financial measure, the board has elected not to disclose the financial target due to commercial sensitivity. ▪ The financial targets for YEM21 were set by the board in March 2020 prior to the commencement of the financial year and did not contemplate any impact arising from the COVID-19 pandemic. The executive KMP and senior executives were tasked by the board to achieve the YEM21 target earnings, irrespective of the impacts of the COVID-19 pandemic.
Assessment of performance against targets	▪ YEM21 CSR group EBIT exceeded the financial target set due to: – Strong cost control and operational improvements, which mitigated the impact of lower Building Products revenue. Although Building Products revenue was down by 6% compared to the financial target set, strong cost disciplines led to earnings being ahead of the financial target set. Building Products EBIT margin (calculated as EBIT divided by revenue) increased to 12.0%, which is ahead of YEM20's EBIT margin of 10.7%. – The sale of Horsley Park Stage 2.1 was delivered in line with the target set and significant progress was also made on the balance of the site, with a further sale at this site announced during the year and site rehabilitation tracking ahead of schedule. – The group's Aluminium business delivered higher earnings compared to the financial target set, due to profitable hedging secured during YEM21. In addition, the longer-term hedging portfolio has increased, providing greater certainty of Aluminium earnings for the next three years. – Decisive action taken to respond to the uncertainty and financial impact of disruptions arising from COVID-19, including implementing business continuity plans and embedding cost disciplines and new ways of working. – Further detail on the financial performance is detailed in Table 13. ▪ An assessment of significant items was also completed by the board resulting in a lowering of the actual EBIT result for STI purpose from $238 million to $230 million. ▪ Details of the significant items assessment, including the adjustments made and business performance are set out in section 7.
STI awarded	▪ The STI awarded amounts to a payout ratio of 7.5% of YEM21 EBIT. ▪ When the combined YEM21 and YEM20 STI award is considered over the two years earnings, it amounts to an average payout ratio of 5% per annum. This measure is relevant as in YEM20, in response to the uncertainty regarding the impact of the COVID-19 pandemic, the Managing Director, Chief Financial Officer and all senior executives forfeited their entitlement to a STI for YEM20. In addition, a company-wide remuneration review was not conducted for salaried employees during YEM21. ▪ The STI awarded by the board acknowledges the significant efforts of management to produce financial results above the financial target, while managing the business through a period of uncertainty and disruption due to the COVID-19 pandemic, and continuing to progress the implementation of the new CSR strategy.

Table 8: YEM21 long-term incentive outcomes

LTI measure	Explanation
Overall	▪ The YEM18 LTI performance hurdles were partially met resulting in 28.7% of the YEM18 PRP grant vesting in March 2020. ▪ The value of LTI that vested in YEM21 decreased compared to YEM20 due to a lower number of rights vesting. ▪ Further detail is contained in section 8.
TSR	▪ Total shareholder return (TSR) target: 28.7% vested out of 50% potential.
EPS	▪ Earnings per share (EPS) target: nil% vested out of 50% potential.

4 Performance outcomes (continued)

Overall financial performance and variable remuneration

The following table summarises the clear link between company performance and incentives awarded to executive KMP, senior executives and other eligible employees:

Table 9: Summary of financial performance and STIs and LTIs awarded

	Financial performance[6]					STI			LTI	
	EBIT ($ million)[1]	TSR (%)[2]	EPS (cents)[1]	ROFE (%)[3]	Share price ($)[4]	Executive KMP ($ million)	Senior executives ($ million)	All eligible employees STI as a % of EBIT	Vested value – Executive KMP ($ million)[5]	Vested value – Senior executives ($ million)[5]
YEM21	**237.9**	**87.3**	**33.1**	**21.1**	**5.78**	**1.8**	**2.6**	**7.5%[8]**	**0.1**	**0.4**
YEM20	216.8	1.5	27.3	17.8	3.17	0.5[7]	–[7]	2.6%	0.7	0.7
YEM19	265.0	(32.9)	36.1	21.8	3.32	1.4	2.0	6.3%	2.0	2.1
YEM18	320.3	25.3	41.9	27.8	5.18	1.2	2.2	5.4%	1.8	1.8
YEM17	298.0	45.7	36.5	21.6	4.51	0.9	2.0	5.5%	2.8	2.2

1 EBIT and EPS are calculated before significant items. For YEM18 to YEM21, EBIT and EPS are from continuing operations before significant items.
2 TSR at 31 March sourced from Bloomberg. Relative TSR performance is disclosed in Table 21 along with the LTI vesting outcomes.
3 Return on Funds Employed (ROFE) defined in note 2 to the CSR group financial statements. ROFE for YEM18 to YEM21 is from continuing operations.
4 Closing share price at 31 March.
5 Represents the value of PRPs vesting in the period, calculated based on the number of shares issued, valued using the five day VWAP prior to issue.
6 Dividends paid for the last four years are disclosed on page 24.
7 An STI was not awarded to executive KMP or senior executives for YEM20, except for the special incentive paid to Mr Sindel based on goals set by the board and determined for services up to 31 August 2019.
8 Total STI awarded for YEM21 represents 141% of the target STI opportunity. Further detail on the STI awarded is outlined in table 7.

Further detail on the assessment of each of the performance measures for short and long-term incentives is set out in sections 7 and 8 respectively.

Remuneration Governance

5 Remuneration governance

CSR's remuneration governance framework is set out below. While the board retains ultimate responsibility, CSR's remuneration policy is implemented through the Remuneration & Human Resources Committee. The composition and functions of the Remuneration & Human Resources Committee, which oversees remuneration issues and human resources matters, are set out in the charter available from the CSR website. The charter was reviewed and updated during the year.

Figure 1: CSR's remuneration governance framework

CSR Board

- Overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors.
- Reviews and, as appropriate, approves recommendations from the CSR Remuneration & Human Resources Committee.

Remuneration & Human Resources Committee

Management and Board remuneration policy

Monitors, recommends and reports to the board on:

- Alignment of remuneration incentive policies and guidelines for executive managers and senior employees with long-term growth, shareholder value and behaviours consistent with CSR's company behaviours.
- Superannuation arrangements.
- Employee share plans.
- Recruitment, retention and termination policies and procedures for senior management.
- Board remuneration including the terms and conditions of appointment and retirement and non-executive remuneration within aggregate approved by shareholders.
- The remuneration of the executive KMP and senior executives.

Human Resources, Talent Management and Diversity

Monitors, recommends and reports to the board on:

- The adequacy of talent pools for senior management succession.
- The effectiveness of CSR's diversity policies and initiatives, including an annual assessment of performance against measurable objectives and the relative proportion of women at all levels of management.
- Management development frameworks and individual development progress for key talent.
- Monitoring surveys conducted by the company in relation to the culture of the organisation.
- Initiatives to improve and drive a strong performance culture.
- CSR's compliance with external reporting requirements.

Managing Director and Executive General Manager - Human Resources

Provides information to the Remuneration & Human Resources Committee for the Committee to recommend on:

- Incentive targets and outcomes.
- Remuneration policy.
- Long and short-term incentive participation.
- Individual remuneration and contractual arrangements for executives.

External advisors

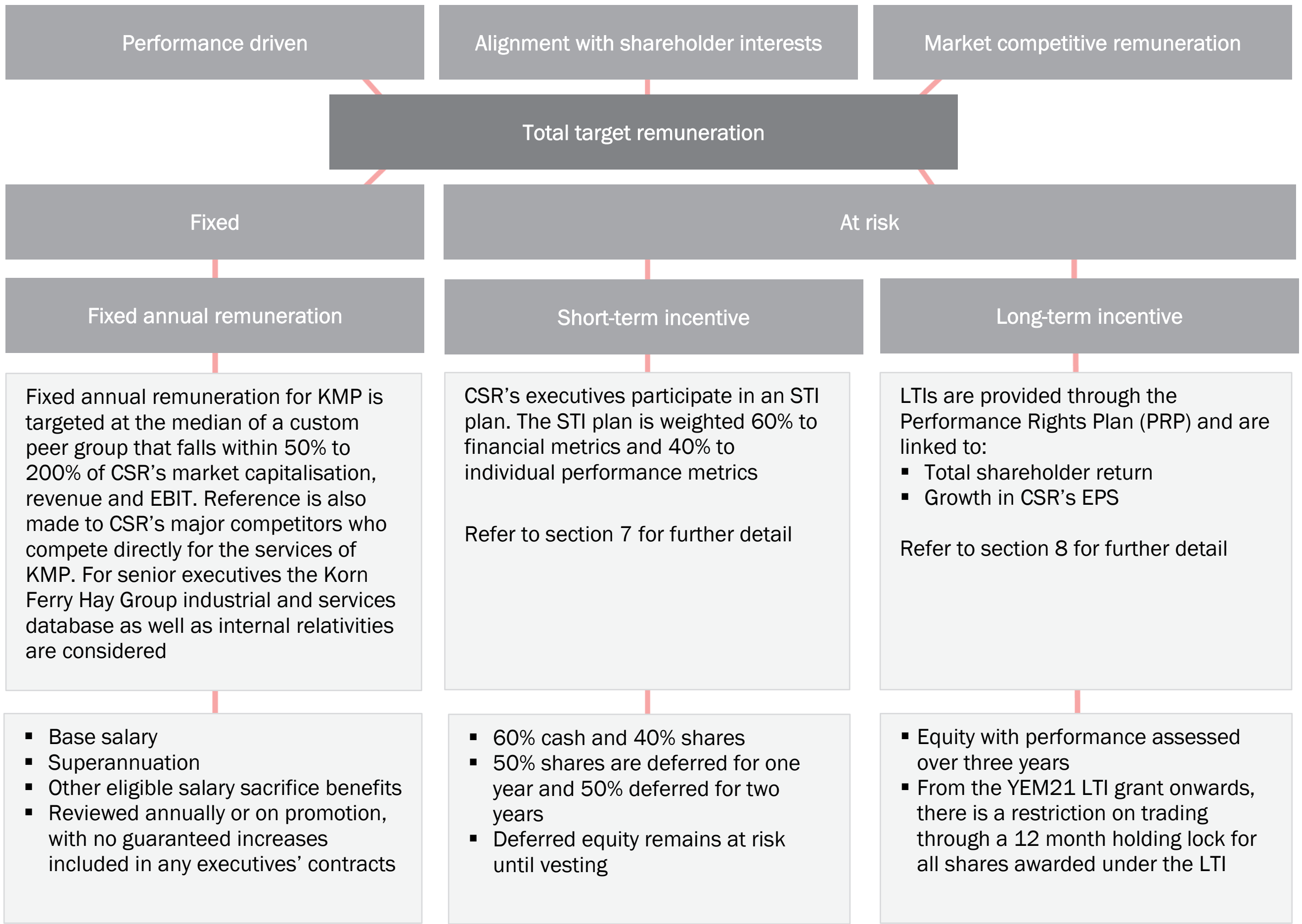
- Provide independent advice, information and recommendations relevant to remuneration decisions.
- Throughout the year, the Remuneration & Human Resources Committee and management received information from external providers Ernst & Young, Korn Ferry Hay Group, Herbert Smith Freehills and Mercer Consulting (Australia) related to remuneration market data and analysis, market practice on the structure and design of incentive programs (both long term and short-term), performance testing of existing long term incentives and legislative and regulatory requirements.
- There were no remuneration recommendations received from external providers during the year.

Components of remuneration

6 Summary of the fixed and 'at risk' components of remuneration

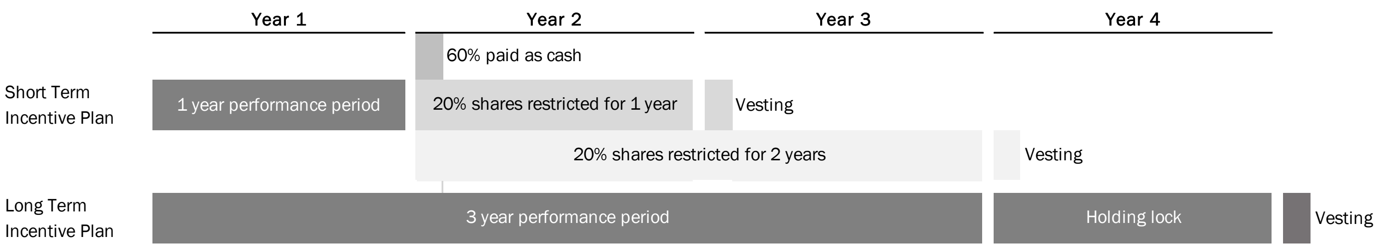
The core elements of CSR's remuneration strategy for the executive KMP and senior executives are outlined below.

Figure 2: CSR's remuneration strategy and structure



The following figure illustrates the timing of how remuneration is earned, subject to performance measures being met for executive KMP and senior executives.

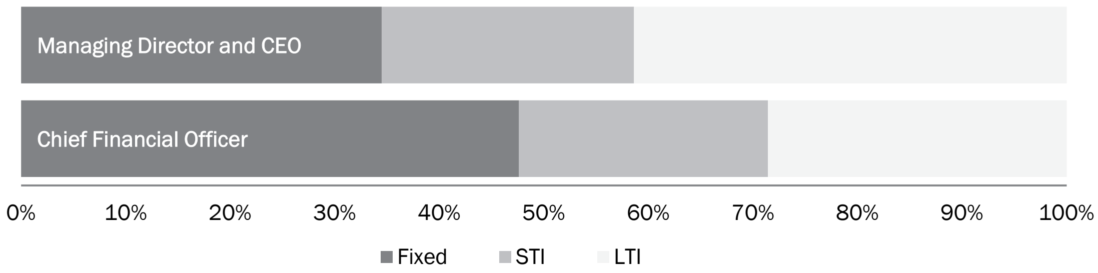
Figure 3: YEM21 short-term and long-term incentive plans



6 Summary of the fixed and 'at risk' components of remuneration (continued)

The key principles on which CSR's executive remuneration policy is based are outlined below.

Table 10: Key principles of CSR's executive remuneration

Objective	Explanation
Performance driven	▪ Remuneration should reward executives based on individual performance and contribution aligned to business strategy and long-term shareholder returns. The variable components of remuneration (both short-term and long-term) are driven by challenging targets, focussed on both external and internal measures of financial and non-financial performance. ▪ A significant proportion of executive remuneration is 'at risk'. The following chart sets out the remuneration mix as fixed annual remuneration, target STI and the maximum value of the LTI granted during the year for the executive KMP. 
Market competitive remuneration	▪ Remuneration, including those elements which can be earned subject to business performance, are set at competitive levels that will attract, motivate and retain high quality executives. ▪ Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration against jobs of comparable size and responsibility against a custom peer group of between 15 to 20 companies that falls within 50% to 200% of CSR's market capitalisation, revenue and EBIT. This ensures that remuneration for KMP is based on roles of comparable size. ▪ In setting executive remuneration, reference is also made to CSR's major competitors, the Korn Ferry Hay Group industrial and services database as well as internal relativities. ▪ At risk remuneration (through STI and LTI) provides the opportunity to earn reward that reaches the top quartile of the market for superior performance.
Alignment with shareholder interests	▪ Executive remuneration is aligned with shareholder interests through a significant emphasis on 'at risk' remuneration. Incentive plans and performance measures are aligned with CSR's strategy for short and long-term success. ▪ KMP and senior executives are required to hold, or make progress towards holding, a minimum CSR shareholding. The requirement for KMP is 100% of fixed annual remuneration, acquired over a reasonable timeframe. Further detail on this policy is set out in section 13. ▪ Ownership of CSR shares is encouraged through the LTI plan, STI deferral plan for executive KMP and senior executives, the Universal Share Ownership Plan (USOP) and the ability to forgo part of fixed remuneration to acquire shares annually through the Employee Share Acquisition Plan (ESAP).

7 At risk remuneration – short-term incentive

(i) Table 11: Details of the short-term incentive plan

<table>
<tr><td>Purpose</td><td>Motivates and rewards people and teams to deliver the business strategy and financial performance to increase shareholder value.</td></tr>
<tr><td>Frequency and timing</td><td>Awards are determined on an annual basis with performance measured over the year to 31 March, with payment made in July.</td></tr>
<tr><td>Performance measures</td><td>The performance measures for the STI are based on a combination of financial and non-financial measures:
<table>
<tr><th>Performance component</th><th>Corporate roles</th><th>Business unit roles</th></tr>
<tr><td>CSR group EBIT</td><td>60%</td><td>30%</td></tr>
<tr><td>Business unit EBIT</td><td>–</td><td>30%</td></tr>
<tr><td>Individual objectives</td><td>30%</td><td>30%</td></tr>
<tr><td>Customer objectives</td><td>10%</td><td>10%</td></tr>
<tr><td>Total</td><td>100%</td><td>100%</td></tr>
</table>
Financial measures are based on the board approved EBIT budget. Given the cyclical nature of the building industry, it is not appropriate to set financial targets based on year-on-year linear growth. Instead, at the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for a certain level of sustainable returns.
Return on Funds Employed (ROFE) is also assessed by the board to ensure the effectiveness with which capital is deployed, measured and rewarded.
The maximum STI payable is 200% of a participant's target STI opportunity (target STI opportunity varies based on seniority) except for the Managing Director and CEO who is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration. Detail on the actual performance for YEM21 compared to the targets set is summarised later in this section.</td></tr>
<tr><td>Significant items</td><td>The board reviews items classified as significant at the end of each financial year to determine the extent, if any, by which reported EBIT should be adjusted for STI purposes depending on whether the items were influenced by or within the control of management.</td></tr>
<tr><td>Minimum financial performance requirements</td><td>A minimum financial performance threshold is based on 95% of the board approved EBIT budget, below which no financial component will be paid. Target financial performance equates to the approved EBIT budget while stretch performance is 110% of the approved EBIT budget. The target and stretch budgets are set at a challenging level. The STI accrues on a straight-line basis for financial performance between threshold and target and between target and stretch. These parameters apply at both the CSR and business unit level.
<table>
<tr><th>Performance component</th><th>Threshold[2]</th><th>Target</th><th>Stretch</th></tr>
<tr><td>Percentage of EBIT target achieved</td><td>95%</td><td>100%</td><td>110%</td></tr>
<tr><td>Percentage of target STI payable[1]</td><td>0%</td><td>100%</td><td>200%</td></tr>
</table>
1 Managing director and CEO's STI is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration.
2 The financial threshold target is calculated based on the financial target plus the amount of STI payable if the budget is achieved.
Under the plan rules, if the financial threshold is not met the non-financial individual and customer objectives are discounted by 50%. Should both CSR and the applicable business unit not reach the financial threshold, then any payment will be at the discretion of the board. In addition, under the plan rules, the board has discretion to reduce, remove or increase any STI payable after considering overall business performance.</td></tr>
<tr><td>Individual objectives</td><td>The non-financial objectives are set for each participant at the beginning of the financial year and are aligned to the business strategy and CSR's desired culture and behaviours. These objectives include relevant KPI's such as safety and sustainability, meeting customer needs, leadership and development of people, operational improvement and growth.
These objectives are documented in CSR's performance management system ACHiEVE@CSR and performance is assessed during the year, with a final assessment to coincide with year end.</td></tr>
<tr><td>Customer objectives</td><td>Customer objectives are set at a group level and business unit level at the start of the year. The objectives are focussed on improvements in the customer experience through specific measures for customer feedback.</td></tr>
<tr><td>Assessment of performance against measures</td><td>Individual performance assessments and recommendations are made by the participant's immediate manager, based on the delivery of set objectives. All recommendations are reviewed and approved by the business unit Executive General Manager.
The Remuneration & Human Resources Committee approves executive KMP and senior executive STIs as well as the overall STI pool in aggregate.</td></tr>
</table>

7 At risk remuneration – short-term incentive (continued)

(i) Table 11: Details of the short-term incentive plan (continued)

Board discretion	The intention is to minimise discretionary adjustments to the plan outcomes. However, the board and the Managing Director and CEO retain discretion in certain circumstances to alter payments having regard to: ▪ CSR's overall financial performance, including consideration of any material amounts recorded outside of EBIT (e.g. 'significant items'); ▪ any significant changes in AUD price for aluminium compared with the prices assumed in the budget; ▪ occurrence of a fatality, regardless of fault; ▪ maintenance and preservation of the company's assets and reputation; ▪ any short-term action which causes market share loss or other damage to CSR; ▪ other special circumstances (e.g. acquisitions and divestments); and ▪ any breach of CSR's Business Code of Conduct and Ethics policy.
Service condition	New starters or people promoted into eligible roles may participate in the STI with pro rata entitlements if they have been in the role for more than three months of the relevant financial year. Employees must be actively employed at time of payment to be eligible for any reward. For participants who retire, die or are retrenched after the performance period, the Managing Director and CEO has discretion in awarding a STI. Unless the board determines otherwise, no payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or for cause.
Equity deferral	Under the STI deferral plan, 40% of any STI earned by executive KMP and senior executives is delivered in CSR shares with half released to participants at the end of year one and the balance released at the end of year two. These shares are held in trust subject to trading restrictions and are contingent on the participant remaining employed at the end of each period. During the restriction periods, the shares are subject to forfeiture if the executive resigns or is terminated for cause. No further performance conditions apply and shares fully vest to the participant at the end of the restriction period if the continued service requirement is met. As the shares are awarded in lieu of a full cash STI payment and relate to an incentive that has already been earned, during the restriction period participants are entitled to all dividend and voting entitlements applying to the shares held in trust in their name. An important feature of the STI deferral plan rules is the clawback provisions which allow the board to withhold some or all of the deferred equity whether vested or not in the event of fraudulent or dishonest acts including financial errors, misstatements or misrepresentations.

(ii) Table 12: Changes from YEM22 – short-term incentive plan

Objective	Details of YEM22 STI Framework
Link to strategy	Aligning with CSR's new purpose and strategy, the YEM22 STI framework will reinforce team behaviour to leverage growth opportunities across CSR's products and brands for delivery of customer solutions.
Performance measures	Changes in relation to the STI framework are as follows; ▪ For those individuals in a business unit role, 30% of STI will now be based on the overall business segment financial performance rather than business unit financial performance. Business segments are Building Products, Property and Aluminium. ▪ Individual non-financial reward component of 40% will be subject to performance of ACHiEVE goals, aligned with individual priorities for the year and will include a relevant customer measure and safety and sustainability measure. ▪ The revised STI framework for YEM22 is illustrated below:

Performance component	Corporate roles	Business unit roles
CSR group EBIT	60%	30%
Business segment EBIT	–	30%
Individual objectives	40%	40%
Total	**100%**	**100%**

7 At risk remuneration – short-term incentive (continued)

(iii) Assessment of YEM21 short-term incentive performance

Details on the short-term incentive target setting process and an assessment of the YEM21 performance outcomes are summarised in the table below.

Table 13: YEM21 STI financial targets and assessment of performance outcomes

Business	Explanation of STI financial targets and assessment of performance outcomes
Building Products	YEM21 STI financial targets ▪ The targets were established having regard to the forecast reduction in new housing activity, with building activity for YEM21 forecast to be down across both detached and multi-residential segments. The business was tasked to mitigate the impact of reduced market activity through growth initiatives and cost savings. ▪ Given the expected shortfall in building activity, the YEM21 financial targets for the Building Products businesses were set below the YEM20 result. YEM21 assessment of STI performance outcomes ▪ Building Products sales revenue for YEM21 was 6% below the target set. Businesses with concentrated levels of exposure to high-rise building activity (Construction Systems business) experienced a more pronounced impact compared to those with greater detached and renovations exposure (Masonry & Insulation and Interior Systems). ▪ In response to lower sales and uncertainty and disruptions caused by the COVID-19 pandemic, business continuity plans and cost disciplines were immediately embedded. Significant reductions in expenditure were delivered, with selling, administration and other operating costs down 20% compared to the financial target and 15% compared to YEM20. Despite revenue falling short, total Building Products EBIT exceeded the financial target set. ▪ The roll-out of the new CSR strategy continued, with a focus on streamlining the organisation and establishing more efficient ways of working. This has not only delivered financial results for YEM21, but also positioned the business to drive the most competitive product and service solutions for the market.
Property	YEM21 STI financial targets ▪ A challenging target was set for the Property business in YEM21, including the sale of Horsley Park stage 2.1 which required completion of rehabilitation works. The delivery of this site would result in proceeds of $80 million and EBIT of $52 million in YEM21. YEM21 assessment of STI performance outcomes ▪ The completed Horsley Park site was delivered to the purchaser in the second half of YEM21. The business also continued the development of the Property portfolio including the announced sale of 8.6 hectares of land at Horsley Park and progressed the rezoning process for the Schofields site. ▪ The Property business exceeded the financial targets set and the business unit financial STI component was awarded slightly above target.
Aluminium	YEM21 STI financial targets ▪ In the context of a volatile decline in Australian dollar aluminium price during YEM20 and higher production costs, the Aluminium business was set a YEM21 financial target of lower EBIT compared to YEM20. YEM21 assessment of STI performance outcomes ▪ During the year the Tomago smelter has performed well and with the US dollar Aluminium prices improving over the past year, CSR has taken the opportunity to secure a significant increase in the long-term hedged position to provide buffer against the elevated operating cost. ▪ These actions have resulted in a more favourable earnings performance for YEM21, with the financial target significantly exceeded, and the business unit financial STI component awarded at stretch.
CSR group	YEM21 assessment of STI performance outcomes ▪ The actual EBIT result is above the financial target set for the CSR group and resulted in the CSR group financial component of STI being awarded at stretch. ▪ An assessment of significant items was also completed by the board resulting in a lowering of the actual EBIT result for STI purpose from $238 million to $230 million. Details of this assessment, including the adjustments made are set out in table 14. ▪ The uncertainty and disruptions arising from the COVID-19 pandemic have been managed through decisive management which saw business continuity plans deployed and measures implemented to deliver the financial results, such as cost disciplines and new ways of working. ▪ CSR did not qualify for the Australian JobKeeper Payment scheme and the amount received from the New Zealand Wage Subsidy scheme of NZ$0.3m was fully distributed to employees who were stood down due to the lockdown. ▪ Due to the average six-month lag between housing commencements and the use of CSR's products in construction, the government incentives to stimulate building activity has not had a material impact on YEM21 earnings.

7 At risk remuneration – short-term incentive (continued)

(iii) Assessment of YEM21 short-term incentive performance (continued)

Consideration of significant items recorded in YEM21

The STI financial targets are set based on EBIT before significant items. The board reviews all 'significant items' at the end of each performance period and considers whether it is appropriate to adjust for their impact on incentive outcomes. In forming its views, the board will have consideration as to whether the item was due to current management control or decisions.

After assessing the significant items reported in YEM21, the board has determined that the earnings used in assessing the remuneration outcomes would be adjusted down from $238 million to $230 million. Detail on the assessment of each of the significant items is outlined below, including the rationale for the treatment for remuneration purposes. Further detail on significant items reported for YEM21 is contained in note 3 to the financial statements on page 80.

Table 14: Assessment of significant items for remuneration purposes

Item	Amount (pre-tax) $'million	Remuneration outcomes adjusted	Rationale for treatment for remuneration purposes
Business streamlining restructure costs	(12.7)	No	▪ The employee related restructure cost incurred to implement the business streamlining was not known when the financial targets were set, and the full benefit of the streamlining will not be realised until YEM22.
Impairment of building product assets	(8.3)	Yes	▪ These assets were previously impaired in YEM17 and treated as a significant item, with remuneration outcomes downgraded for the impairment charge. ▪ A consistent treatment has been applied in YEM21, with EBIT and EPS used in the assessment of STI and LTI outcomes downgraded by the current year impairment charge. ▪ A higher EPS will be used to set the LTI targets for the YEM22 PRP grant, as the EPS will not be downgraded by the impairment charge.
Horsley Park closure costs	(5.2)	No	▪ The cost of closing the site was not contemplated when the financial targets were set, and the benefit of the sale is not anticipated until YEM24, once site rehabilitation works have been completed.
Product liability provision	(5.6)	No	▪ The product liability expenses pre-dates current management and the board has consistently treated these amounts as significant items.
Previous significant items	11.3	No	▪ These adjustments relate to previous significant items and do not relate to current year trading.

STI non-financial measures

The board did not exercise any discretion in determining the non-financial STI component awarded in YEM21.

The CSR group and a number of businesses met their business unit financial target and as a result their non-financial STI component was awarded. For businesses that did not meet their business unit financial targets their non-financial STI pool was halved. This treatment is in accordance with the STI plan (as detailed in table 11).

8 At risk remuneration - long-term incentive

(i) Purpose of the long-term incentive (LTI) plan

CSR's long-term incentive program aims to:

- drive performance and deliver strategic objectives that create long-term shareholder value;
- provide executives with the opportunity to build their interests in CSR equity; and
- attract, motivate and retain the necessary executive talent to deliver and sustain business performance and increase returns to shareholders.

(ii) Details of the LTI plan

The long-term incentive plan is delivered through the CSR Performance Rights Plan (PRP). The following plan details apply to PRP grants from YEM18 to YEM21.

Table 15: Features of the long-term incentive plan

Participation	Managing director, senior executives and selected key roles are eligible subject to approval by the board.
Grant frequency	Grants are made on an annual basis.
Type of award	Grants of performance rights are subject to service requirements, calculated using a face value of shares and convert to shares subject to performance vesting criteria. If performance conditions are met, CSR shares will be purchased on market and transferred to participants. Refer to section 8(iii) for more detail.
Vesting and performance period	Awards are subject to a three year vesting period. Immediately following completion of the vesting period, the performance conditions are tested to determine whether, and to what extent, awards vest. To the extent that performance rights have not vested following the testing, they will lapse (i.e. participants forfeit their interests in the performance rights).
Treatment of capital return	There is no entitlement to a capital return. However, the board may make an adjustment to the number of shares underlying unvested performance rights that would be awarded to the participant if and when the performance rights vested. The number of additional shares underlying the performance rights corresponds to the cash amount per share returned to shareholders and is intended to ensure that the value of awards of PRP holders is not eroded by capital returns. Capital returns are included as part of TSR performance.
At vesting	For all PRP grants, rights are eligible for one CSR Limited share per one performance right on vesting.
Holding lock	From the YEM21 PRP grant onwards, a 12 month holding lock on shares awarded under the LTI has been introduced to aid senior executive retention and supplement CSR's clawback provisions. During the holding lock period, provided the participant remains employed by CSR, they are entitled to receive dividends and other distributions and have full voting rights.
Sales restrictions post vesting	Shares transferred to participants on the vesting of performance rights are subject to the CSR Share Trading Policy.
Dividends	There is no entitlement to dividends on performance rights during the performance period.
Treatment on cessation of employment	Unvested awards: Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interest in the unvested shares. If the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances, the treatment of the rights will be determined at the board's discretion. Vested awards: Awards that have vested are transferred to participants at the time of vesting.
Treatment on change of control	Unvested awards: The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro rata assessments for plans on foot. Vested awards: Awards that have vested are transferred to participants at the time of vesting.
Prohibition of hedging arrangements	Participants will forfeit their interests in unvested shares if they enter into any hedging transaction in relation to those shares in breach of CSR's Share Trading Policy. At 31 March 2021, executive KMP confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.
Board discretion	The board retains discretion to reduce or lapse performance rights (or recover the net proceeds where vested shares have been sold) in several circumstances including, but not limited to, material financial misstatements, the performance and conduct of the participant, the performance of the business unit the participant is employed in, CSR group performance, fraudulent or dishonest acts, bringing CSR or any business unit into disrepute or breach of duties or obligations to CSR (including acting in breach of the terms and conditions of their employment and/or CSR's Code of Business Conduct and Ethics).

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions

A summary of the performance hurdles for each PRP grant, along with further detail on how each hurdle is measured, is set out below.

Table 16: Performance hurdles for each PRP grant

	Note	YEM21	YEM20	YEM19	YEM18
Relative TSR (Tranche A)	*1*	50%	–	50%	50%
Absolute TSR (Tranche A)	*2*	–	50%	–	–
Earnings per share (Tranche B)	*3*	50%	50%	50%	50%

1. Relative TSR for YEM18, YEM19 and YEM21 PRPs

TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns.

The board believes relative TSR is an appropriate measure for the PRP as it directly aligns with shareholder interests and provides transparency and focus of eligible executives in driving both earnings and share price growth.

Relative TSR for the YEM21 PRP

- Relative TSR has been reintroduced as a performance measure for the YEM21 PRP grant as it is an established measure with greater alignment to market practice.
- Absolute TSR will be retained but as a positive gateway to vesting to ensure that participants are only rewarded for positive shareholder returns. If absolute TSR is negative over the performance period, no rights will vest in this tranche.
- The comparator peer group used to calculate relative TSR will be those companies comprising the S&P/ASX51 – ASX150 defined at the start of each performance period. This peer group is sufficiently broad to measure relativity and the market capitalisation has greater alignment to CSR than the S&P ASX200. The board may adjust the comparator group to take into account events including, but not limited to, takeovers, mergers or de-mergers that might occur during the performance period.
- In measuring TSR, share prices will be calculated based on a 90-day VWAP at the start and end of the performance period (compared to the current 10 day calculation) to address share price volatility.
- Assuming the absolute TSR gate is met, the proportion of the Tranche A performance rights that vest will be determined based on CSR's relative TSR, in accordance with the vesting schedule in table 17 below.

Relative TSR for the YEM18 and YEM19 PRPs

- TSR performance is assessed against the constituents of the S&P/ASX 200 index (Peer Group) defined at the start of the performance period.
- For the purposes of the TSR calculation, the start and end share prices will be calculated based on 10 trading days VWAP.

Table 17: Vesting schedule for all Relative TSR PRP grants

TSR of CSR relative to the Peer Group	Proportion of Tranche A to vest
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or greater	100%

2. Absolute TSR for YEM20 PRP

- For the YEM20 PRP, a review of performance hurdles was conducted incorporating potential property transactions over the ensuing three years. As a result, relative TSR was replaced with absolute TSR.
- The board considered that absolute TSR was a more appropriate measure for the YEM20 PRP as it more directly aligns with shareholder interests and provides transparency and focus of executives in driving both earnings and share price growth.
- The targets are set out in table 18 below. In setting these targets consideration was given to the historical TSR performance of CSR, the cost of capital and projected earnings through the performance period.

Table 18: Vesting schedule for the Absolute TSR grant

Cumulative Average Growth Rate (CAGR) of TSR	Proportion of Tranche A to vest
Below TSR of 14%	0%
TSR of 14%	75%
Between TSR of 14% and 18%	Straight-line vesting between 75% and 100%
18% and above	100%

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions (continued)

3. Earnings per share (EPS)

Compound growth in EPS assesses the success of the business in generating continued growth in earnings and aligns the effort of executive KMP and senior executives with shareholder interests. The use of EPS as a long-term performance measure is also consistent with market practice. EPS is defined as net profit after tax per share before significant items. The board reviews all 'significant items' at the end of each performance period and considers whether it is appropriate to adjust for the impact on incentive outcomes. A consistent treatment is applied for both STI and LTI assessments, with the YEM21 outcome summarised in section 7 (iii) and table 14. In addition, the board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

EPS is measured on an averaged basis over the three year performance period rather than point to point to reflect the cyclical nature of the business. Target performance is calculated by taking the total EPS from the performance period using actual EPS of the base year and compounding 5% per annum for three years and dividing the result by three. Stretch performance is calculated using the same methodology, except the growth is compounded by 10% per annum.

Table 19: Performance hurdles for the YEM18 to YEM21 PRP grants

	YEM21		YEM20		YEM19		YEM18	
EPS performance hurdle	Target	Stretch	Target	Stretch	Target	Stretch	Target	Stretch
Cumulative EPS required over next three years (cents per share)	85.4	93.9	119.5	131.4	140.0	154.0	120.8	132.9
Average EPS required over next three years (cents per share)	28.5	31.3	39.8	43.8	46.7	51.3	40.3	44.3

The reduction in the EPS target for the YEM21 grant is due to a lower EPS in YEM20 compared to the prior three years.

Table 20: EPS PRP vesting schedule

CAGR of EPS	Proportion of Tranche B to vest
Below 5%	0%
At 5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% and above	100%

(iv) Assessment of performance impacting YEM21 remuneration

LTIs have been linked to company performance as follows:

- the value of performance rights (under the PRP) ultimately depends on share price performance; and
- awards vest subject to EPS growth and TSR performance as measured through the movement in the share price and dividends paid.

In relation to the YEM18 PRP assessment, the EPS and TSR outcomes are described over the page in table 21.

8 At risk remuneration – long-term incentive (continued)

(v) Details of the PRP awards outstanding

Table 21: Status and key dates of PRP awards

Grant date	Valuation per right[1]	Holding period	Performance testing period	Expiry date (if hurdle not met)	Performance status[2]
25 July 2017 (YEM18)	Tranche A (TSR) $1.76 Tranche B (EPS) $3.37	25 July 2017 to 31 March 2020	1 April 2017 to 31 March 2020	1 April 2020	Tranche A (TSR): Performance condition met with 57.3% of the allocation vesting and the remaining unvested rights lapsed. Tranche B (EPS): compound growth performance condition not met and all rights lapsed.
25 July 2018 (YEM19)	Tranche A (TSR) $1.36 Tranche B (EPS) $3.60	25 July 2018 to 31 March 2021	1 April 2018 to 31 March 2021	1 April 2021	Subsequent to 31 March 2021: Tranche A (TSR): Performance condition was met and 68% of allocation vested and the remaining unvested rights lapsed. Tranche B (EPS): compound growth performance condition was not met and all rights lapsed.
19 July 2019 (YEM20)	Tranche A (TSR) $1.99 Tranche B (EPS) $3.72	19 July 2019 to 31 March 2022	1 April 2019 to 31 March 2022	1 April 2022	Performance testing not commenced.
21 July 2020 (YEM21)	Tranche A (TSR) $1.06 Tranche B (EPS) $3.08	21 July 2020 to 31 March 2023	1 April 2020 to 31 March 2023	1 April 2023	Performance testing not commenced.

1 The value of performance rights at grant date calculated in accordance with AASB 2 *Share-based Payments*. Valuations are performed by a third party, Ernst & Young.
2 To ensure an independent TSR measurement, CSR engages the services of an external organisation, Mercer Consulting (Australia) Pty Ltd, to calculate CSR's performance against the TSR hurdles.

(vi) Long-term incentive framework changes

No changes are proposed to the LTI framework for YEM22.

(vii) Other equity incentive plans

Table 22: Other equity incentive plans

	Universal Share Ownership Plan (USOP)	Employee Share Acquisition Plan (ESAP)
Purpose	To encourage share ownership by enabling executives and employees to benefit from favourable Australian tax treatment.	
Participation	All executives and employees (except directors), who have the equivalent of at least one year's full-time service at the date the shares are allotted.	All full and part time employees and directors within Australia.
Form and quantum of award	Each year, the board approves the purchase of shares up to a maximum value of $1,000 (being the limit of the tax exemption) for each eligible participant. The award is structured such that participants buy shares which are then matched one for one by the company at no additional cost to participants.	Directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.	The shares are held in trust while the participant is employed by CSR, unless board approval is granted to sell or transfer shares under specific circumstances (e.g. financial hardship). Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is 15 years.
Absence of a performance condition	The plans are designed to encourage share ownership for employees and therefore do not have any performance conditions attached.	
Dividends and voting rights	Participants are entitled to dividends and other distributions and have full voting rights.	Participants are entitled to dividends and other distributions and have full voting rights while the shares are held in trust.

Remuneration in detail

9 Service agreements

Managing Director and CEO – Executive service agreement

Julie Coates was appointed as Managing Director and CEO effective 2 September 2019. Ms Coates' contractual remuneration package is summarised below:

Table 23: Managing Director and CEO's remuneration package

Fixed annual remuneration	Fixed annual remuneration of $1,150,000 inclusive of superannuation contributions. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement there is no fixed term and Ms Coates' employment can be terminated by: ▪ the company giving her 12 months' notice of termination; or ▪ Ms Coates giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI is weighted 60% to financial performance and 40% to individual performance. Under the STI deferral plan rules, 40% (YEM20: 20%) of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 11.
LTI	The value of any award of performance rights is currently set at a maximum of 120% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details) and are subject to shareholder approval at the AGM. Following benchmarking, the board is proposing that the award of performance rights for the YEM22 LTI grant is adjusted upwards to 140% of fixed annual remuneration. Further information will be included in the CSR 2021 Notice of Meeting.

Chief Financial Officer – Executive service agreement

David Fallu was appointed as Chief Financial Officer effective 2 February 2017. Mr Fallu's remuneration package is summarised below:

Table 24: Chief Financial Officer's remuneration package

Fixed annual remuneration	Fixed annual remuneration of $700,000 inclusive of superannuation contributions effective from 1 April 2020. This represented an increase of 10% compared to YEM20 as a market adjustment to align with a relevant industry peer group. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement, Mr Fallu's employment can be terminated by: ▪ the company giving him six months' notice of termination; or ▪ Mr Fallu giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity for YEM21 is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 50% of the maximum STI being paid. The STI is weighted 60% on financial performance and 40% on individual performance. Under the STI deferral plan rules, 40% (YEM20: 20%) of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 11.
LTI	The potential value of any award of performance rights is set at a maximum of 60% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details). Following benchmarking, the board has determined that the award of performance rights for the YEM22 LTI grant will be adjusted upwards to 80% of fixed annual remuneration.

9 Service agreements (continued)

Table 25: Treatment of the Managing Director's and Chief Financial Officer's incentives on termination

Circumstance	Short-term incentive[1]	Long-term incentive – unvested performance rights[2]
Immediate termination for cause	No STI payable and clawback provisions may apply (including deferred STI).	Rights are forfeited.
Resignation	STI is forfeited unless board determines otherwise.	Rights are forfeited unless board determines otherwise.
Notice by company, retirement, redundancy, death or permanent disability	Board discretion to award STI on a pro rata basis (including deferred STI).	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis.
Change of control	STI will be paid on a pro-rata basis.	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro-rata assessments for plans on foot.

1 Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).
2 Shares allocated in respect of vested performance rights are not subject to restrictions after vesting.

10 Statutory remuneration

Managing Director's and Chief Financial Officer's remuneration

The remuneration table below shows an increase in total remuneration expensed for accounting purposes for executive KMP in YEM21 compared with YEM20.

Table 26: Executive KMP statutory remuneration

$ Year ended 31 March	Fixed[1]		Variable					'At risk'	
	Cash salary	Super-annuation	Leave benefits	Other benefits[2]	STI expense[3]	LTI expense[4]	Total	STI[5]	LTI[5]
Managing Director and CEO – Julie Coates									
2021	**1,128,479**	**21,521**	**20,845**	**–**	**846,400**	**363,043**	**2,380,288**	**36%**	**15%**
2020[6]	655,081	15,752	31,267	–	–	307,695	1,009,795	–	30%
Chief Financial Officer – David Fallu									
2021	**678,479**	**21,521**	**37,809**	**999**	**565,860**	**145,935**	**1,450,603**	**39%**	**10%**
2020	610,740	20,885	24,504	1,563	49,288	74,522	781,502	6%	10%
Former Managing Director – Rob Sindel[7]									
2021	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2020	667,870	10,384	(8,403)	–	645,311	(618,839)	696,323	–	–

1 Fixed annual remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits.
2 Other benefits included USOP.
3 STI expense for YEM21 plus amortisation of STI deferrals relating to prior years' grants. STI payments may be allocated at the executive's discretion to cash or additional superannuation contributions.
4 LTI expense is as defined in the accounting standards. PRP grants are expensed over the vesting period at a valuation determined on grant date. Valuations are performed by a third party and are detailed in table 21.
5 STI and LTI as a percentage of total remuneration.
6 2020 actual fixed remuneration for the Managing Director and CEO reflects for time in role from 2 September 2019.
7 Former Managing Director Mr Sindel ceased to be a KMP on 2 September 2019 and remained employed until 13 September 2019. The STI paid to Mr Sindel includes a specific incentive based on goals set by the board and determined for services up to 31 August 2019.

11 Deferred shares

Table 27: STI deferred shares for executive KMP

	Number of STI deferred shares				
	Balance 1 April 2020	Granted	Vested	Lapsed	Balance 31 March 2021
Julie Coates	–	–	–	–	–
David Fallu	26,600	–	(26,600)	–	–

Deferred STI in relation to the YEM21 STI award is issued subsequent to 31 March 2021 and will be disclosed in the YEM22 Remuneration Report.

12 Performance rights

Table 28: Executive KMP performance rights

	Number of performance rights				
	Balance 1 April 2020	Granted[1]	Vested[2]	Lapsed	Balance 31 March 2021
Julie Coates	460,986	452,206	–	–	**913,192**
David Fallu	323,589	137,628	(21,789)	(54,264)	**385,164**

1 The accounting value of Ms Coates and Mr Fallu's rights granted were $936,066 and $284,890 respectively.
2 The following rights vested to ordinary shares during the year ended 31 March 2021:
Mr Fallu: YEM18 Tranche A rights vested of 21,789. A total of 21,789 shares were issued on 4 June 2020, and the value of each of these shares was $4.26, representing a total value to Mr Fallu of $92,827.

13 Shareholdings

Minimum shareholding requirements

KMP are required to accumulate over time the equivalent of 100% of fixed annual remuneration in CSR shares. The value of the shares held by the KMP is calculated as the higher of the current market price or the price the shares were acquired at. The minimum shareholding requirements are applicable to the Managing Director and CEO, Chief Financial Officer and CSR Non-executive Directors. Non-executive Directors are required to meet the minimum shareholding requirements within four years of appointment. Executive KMP will be provided a reasonable timeframe in which to accumulate the minimum shareholding having regard to the business cycle and likely variable incentive outcomes that may become available to count towards the requirements.

Senior executives are required to hold 50% of fixed annual remuneration in CSR shares.

Table 29: Executive KMP shareholdings

	Number of CSR shares[1]				
	Balance 1 April 2020	Acquired[2]	Sold or transferred	Other	Balance 31 March 2021
Julie Coates	–	1,217	–	–	**1,217**
David Fallu	64,497	23,558	–	–	**88,055**

1 CSR shares in which the executive KMP has a beneficial interest, including shares held by the CSR share plan trustee for vested shares from the PRP and shares held in respect of the STI deferral plan, by the ESAP trustee or via their related parties. It also includes spouse shareholdings.
2 Represents shares allocated upon vesting of rights under the PRP and shares acquired under the STI deferral plan as detailed earlier in this report. Ms Coates acquired shares include 1,196 shares acquired under ESAP and 21 shares acquired under the Dividend Reinvestment Plan. Mr Fallu's acquired shares include 21,789 shares issued on vesting of PRPs, 1,197 shares acquired under ESAP and 572 shares acquired under USOP.

14 Other transactions with KMP

The CSR group offers staff discounts on certain products which are also made available to KMP.

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM20 and YEM21.

Non-executive directors

15 Arrangements

Non-executive directors are paid a base fee for service to the board which includes one committee membership, with an additional fee for service to additional board committees. The fees are set with consideration to the fees paid in companies of a similar size and complexity and are inclusive of superannuation. The shareholder approved fee pool is currently $1,450,000 per annum including superannuation.

Table 30: Non-executive Director (NED) arrangements

Role	Annual fee for YEM21 (including superannuation guarantee)
Chair base fees (including all committee memberships)	$395,264
Other NED base fees (including one committee membership)	$158,106
Chair of the Risk & Audit Committee	$27,447
Chair of the Remuneration & Human Resources Committee	$27,447
Chair of the Workplace Health, Safety & Environment Committee	$27,447
Additional committee memberships	$11,764 per additional committee (applies to NEDs other than the chairman)

Following benchmarking in YEM21 and considering that no fee increases have been made in the past two years, effective 1 April 2021 a 2.0% fee increase was applied to all NED annual fees.

No retirement allowances are payable to NEDs. NEDs do not participate in the company's STI or LTI plans or receive any variable remuneration but may forgo fees for CSR shares under the ESAP. To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares equivalent to 100% of their fixed annual remuneration. Further information is detailed in section 13.

16 Non-executive director fees

Table 31: Non-executive directors' fees

Year ended 31 March		Directors' fees	Termination benefits	Superannuation	Total
John Gillam (chair of the board)	**YEM21**	**373,743**	–	**21,521**	**395,264**
	YEM20	374,379	–	20,885	395,264
Nigel Garrard	**YEM21**	**51,710**	–	**4,913**	**56,623**
	YEM20	–	–	–	–
Christine Holman	**YEM21**	**161,208**	–	**15,315**	**176,523**
	YEM20	155,131	–	14,738	169,869
Michael Ihlein	**YEM21**	**181,529**	–	**4,024**	**185,553**
	YEM20	169,455	–	16,098	185,553
Matthew Quinn	**YEM21**	**169,455**	–	**16,098**	**185,553**
	YEM20	169,455	–	16,098	185,553
Penny Winn	**YEM21**	**167,936**	–	**15,954**	**183,890**
	YEM20	169,455	–	16,098	185,553
Total non-executive directors	**YEM21**	**1,105,581**	–	**77,825**	**1,183,406**
	YEM20	1,037,875	–	83,917	1,121,792

17 Shareholdings

Table 32: Non-executive directors' shareholdings

	Number of CSR shares[1]				
	Balance 1 April 2020	Included in remuneration	Acquired	Other	Balance 31 March 2021
John Gillam (chair of the board)	253,510	–	–	–	253,510
Nigel Garrard	–	–	60,000	–	60,000
Christine Holman	79,312	–	2,048	–	81,360
Michael Ihlein	63,148	–	1,197	–	64,345
Matthew Quinn	72,419	–	3,088	–	75,507
Penny Winn	51,248	–	–	–	51,248

1 CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.

FINANCIAL REPORT

Statement of financial performance

$million	Note	2021	2020
Trading revenue – sale of goods	2,5	**2,122.4**	**2,212.5**
Cost of sales		(1,516.9)	(1,541.5)
Gross profit		**605.5**	**671.0**
Other income	5	72.9	17.7
Warehouse and distribution costs		(191.4)	(197.0)
Selling, administration and other operating costs		(251.1)	(282.4)
Share of net profit of joint venture entities	26	13.5	13.9
Impairment expense	12,26	(9.3)	(9.1)
Other expenses		(17.1)	(4.7)
Profit before finance costs and income tax		**223.0**	**209.4**
Interest income	7	1.5	3.3
Finance costs	7	(13.2)	(20.3)
Profit before income tax		**211.3**	**192.4**
Income tax expense	8	(59.5)	(53.9)
Profit after tax		**151.8**	**138.5**
Profit after tax attributable to:			
Non-controlling interests	24	5.7	13.2
Shareholders of CSR Limited[1]		146.1	125.3
Profit after tax		**151.8**	**138.5**
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	30.1	25.4
Diluted (cents per share)	4	30.0	25.4

1 Net profit before significant items attributable to shareholders of CSR Limited is $160.4 million (2020: $134.8 million). Refer to note 3 of the financial statements.

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of comprehensive income

$million	Note	2021	2020
Profit after tax		**151.8**	**138.5**
Other comprehensive income (expense), net of tax			
Items that may be reclassified to profit or loss			
Hedge (loss) profit recognised in equity	21	(67.0)	12.9
Hedge profit transferred to statement of financial performance	21	(18.2)	(10.5)
Exchange differences arising on translation of foreign operations	20	(3.2)	1.3
Income tax benefit (expense) relating to these items	13	25.6	(0.7)
Items that will not be reclassified to profit or loss			
Actuarial gain (loss) on superannuation defined benefit plans	28	17.6	(13.9)
Income tax (expense) benefit relating to these items	13	(5.3)	4.2
Other comprehensive expense – net of tax		(50.5)	(6.7)
Total comprehensive income		**101.3**	**131.8**
Total comprehensive income attributable to:			
Non-controlling interests		(12.1)	18.6
Shareholders of CSR Limited		113.4	113.2
Total comprehensive income		**101.3**	**131.8**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

$million	Note	2021	2020
Current assets			
Cash and cash equivalents	34	250.8	414.8
Receivables	10	224.2	254.1
Inventories	10	313.8	341.9
Property holdings	11	40.7	59.7
Other financial assets	21	63.0	48.1
Income tax receivable		0.4	–
Prepayments and other current assets		8.9	10.0
Total current assets		**901.8**	**1,128.6**
Non-current assets			
Receivables	32	23.4	15.0
Property holdings	11	102.6	87.0
Investments accounted for using the equity method	26	35.7	42.6
Other financial assets	21	57.7	31.5
Property, plant and equipment	12	693.7	741.5
Right-of-use lease assets	14	127.2	153.2
Goodwill	12	58.3	58.3
Other intangible assets	12	13.8	15.8
Deferred income tax assets	13	144.9	130.3
Other non-current assets	32	12.4	0.7
Total non-current assets		**1,269.7**	**1,275.9**
Total assets		**2,171.5**	**2,404.5**
Current liabilities			
Payables	10	256.7	245.5
Lease liabilities	14	30.2	32.9
Other financial liabilities	21	71.1	33.2
Tax payable		46.9	39.4
Provisions	15	131.6	129.9
Total current liabilities		**536.5**	**480.9**
Non-current liabilities			
Borrowings	17	–	320.0
Lease liabilities	14	141.1	167.1
Other financial liabilities	21	86.0	19.0
Provisions	15	252.7	265.0
Deferred income tax liabilities	13	–	18.5
Other non-current liabilities	28	2.7	8.5
Total non-current liabilities		**482.5**	**798.1**
Total liabilities		**1,019.0**	**1,279.0**
Net assets		**1,152.5**	**1,125.5**
Equity			
Issued capital	18	966.7	966.7
Reserves	20	(89.6)	(45.7)
Retained profits		241.7	144.0
Equity attributable to shareholders of CSR Limited		**1,118.8**	**1,065.0**
Non-controlling interests	24	33.7	60.5
Total equity		**1,152.5**	**1,125.5**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2020		966.7	(45.7)	144.0	1,065.0	60.5	1,125.5
Profit for the year		–	–	146.1	146.1	5.7	151.8
Total other comprehensive income (expense) – net of tax		–	(45.0)	12.3	(32.7)	(17.8)	(50.5)
Dividends paid	19,24	–	–	(60.7)	(60.7)	(14.7)	(75.4)
Acquisition of shares by CSR employee share trust	20	–	(1.0)	–	(1.0)	–	(1.0)
Acquisition of non-controlling interest	9,20	–	(0.1)	–	(0.1)	–	(0.1)
Share-based payments – inclusive of tax	20	–	2.2	–	2.2	–	2.2
Balance at 31 March 2021		966.7	(89.6)	241.7	1,118.8	33.7	1,152.5
Balance at 1 April 2019		1,028.8	(38.4)	162.1	1,152.5	52.7	1,205.2
Profit for the year		–	–	125.3	125.3	13.2	138.5
Total other comprehensive income (expense) – net of tax		–	(2.4)	(9.7)	(12.1)	5.4	(6.7)
Dividends paid	19,24	–	–	(133.7)	(133.7)	(6.8)	(140.5)
On-market share buy-back		(62.1)	–	–	(62.1)	–	(62.1)
Acquisition of shares by CSR employee share trust	20	–	(0.1)	–	(0.1)	–	(0.1)
Acquisition of non-controlling interest	9,20	–	(6.3)	–	(6.3)	(4.0)	(10.3)
Share-based payments – inclusive of tax	20	–	1.5	–	1.5	–	1.5
Balance at 31 March 2020		966.7	(45.7)	144.0	1,065.0	60.5	1,125.5

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

$million	Note	2021	2020
Cash flows from operating activities			
Receipts from customers		2,376.1	2,500.7
Payments to suppliers and employees		(2,081.6)	(2,252.1)
Dividends and distributions received	26	18.3	10.6
Interest received		1.3	3.5
Income tax paid		(61.1)	(16.6)
Net cash inflow from operating activities		**253.0**	**246.1**
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		130.6	114.5
Purchase relating to property holdings		(29.8)	(42.2)
Purchase of property, plant and equipment and other assets		(49.0)	(100.2)
Proceeds from sale of business		–	78.5
Purchase of controlled entities and businesses, net of cash acquired	9	(0.7)	(16.8)
Costs associated with disposal of businesses		–	(0.7)
Payments for financial assets		(23.0)	–
Loans and receivables (advanced) repaid		(0.7)	13.6
Net cash inflow from investing activities		**27.4**	**46.7**
Cash flows from financing activities			
On-market share buy-back		–	(62.1)
Net (repayment) drawdown of borrowings		(320.0)	320.0
Dividends paid[1]		(75.4)	(140.5)
Acquisition of shares by CSR employee share trust	20	(1.0)	(0.1)
Lease payments	14	(34.0)	(33.9)
Interest and other finance costs paid[2]		(13.8)	(11.6)
Net cash (outflow) inflow from financing activities		**(444.2)**	**71.8**
Net (decrease) increase in cash held		(163.8)	364.6
Net cash at the beginning of the financial year		414.8	50.0
Effects of exchange rate changes		(0.2)	0.2
Net cash at the end of the financial year		**250.8**	**414.8**
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited	2	146.1	125.3
Net profit attributable to non-controlling interests	24	5.7	13.2
Depreciation and amortisation	6	96.2	99.7
Impairment of assets		9.3	9.1
Share of profits of associates not received as dividends or distributions		4.8	(3.3)
Share-based payments	20	1.7	0.3
Finance cost net of discount unwind		13.6	11.6
Net gain on disposal of property holdings	5	(57.2)	(3.5)
Net change in current receivables		13.6	26.9
Net change in current inventories		28.1	(10.6)
Net change in current payables		10.9	(11.6)
Net change in product liability provision		(15.9)	(21.1)
Net change in other provisions		6.5	(26.5)
Net change in current and deferred tax balances		(5.3)	33.4
Net change in other assets and liabilities		(5.1)	3.2
Net cash from operating activities		**253.0**	**246.1**

1 During the year ended 31 March 2021, within the $75.4 million of dividends paid, dividends to CSR Limited shareholders were $60.7 million. Of the $60.7 million in dividends, $5.7 million was used to purchase CSR shares on-market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining $55.0 million was paid in cash.

2 In accordance with AASB 16 *Leases*, interest and other finance costs paid for the year ended 31 March 2021 includes finance costs relating to leases of $8.0 million (2020: $9.4 million). Refer to notes 7 and 14 for further details.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial report

1 Basis of preparation

This section sets out the basis upon which the CSR group's financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined in note 34.

Statement of Compliance: CSR Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This general purpose financial report is prepared in accordance with the *Corporations Act 2001* and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. CSR Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of CSR Limited and its controlled entities (CSR group).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the CSR group comply with International Financial Reporting Standards.

Basis of preparation: The financial report is based on historical cost, except for certain financial assets and liabilities which are at fair value.

In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Impact of COVID-19 pandemic: The CSR group has managed, and continues to manage, the risks arising from the COVID-19 global pandemic, with any known impacts being included in the financial statements for the year ending 31 March 2021.

CSR's response includes a financial response plan that incorporates financial forecasts over the near term, which are regularly updated for any material changes in market conditions. In addition to a CSR group business continuity plan (BCP), all CSR businesses have tailored BCPs, which are specific to their business with operational responses implemented at varying levels of construction activity.

To mitigate the impacts of COVID-19, governments have provided businesses with financial assistance. CSR did not qualify for the Australian JobKeeper Payment scheme. During the year ending 31 March 2021 the CSR group qualified for the New Zealand Wage Subsidy and received an amount of NZ$0.3m which was fully distributed to employees who were stood down due to the lockdown.

As of 31 March 2021, the CSR group had:

- net cash position of $250.8 million, calculated as cash and cash equivalents less borrowings, as disclosed in the statement of financial position. The net cash position at 31 March 2021 increased by $156.0 million compared to 31 March 2020;
- nil borrowings, with available undrawn borrowing facilities of $420.0 million, as disclosed in note 17;
- positive cash inflow from operating activities of $253.0 million, as disclosed in the statement of cash flows; and
- net current assets of $365.3 million, calculated as current assets of $901.8 million less current liabilities of $536.5 million, as disclosed in the statement of financial position.

On the basis of reviews of the financial forecasts and consideration of the financial position summarised above, as at the date these financial statements are authorised for issue, the directors of CSR Limited consider it is appropriate for the going concern basis to be adopted in the preparation of this financial report.

Basis of consolidation: The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtained control and until such time as it ceased to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where CSR Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a million dollars and are shown by $million. CSR Limited is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Currency: Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is the CSR group's functional currency.

New or revised accounting standards: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable for the CSR group from 1 April 2020. There have been no new or revised accounting standards which materially impacted the financial report. Standards not yet applicable are not expected to have a material impact on the CSR group.

Critical accounting judgments and key sources of estimation uncertainty: Critical judgments and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are detailed in the notes below:

Note	Judgment/Estimation
12	Asset impairment
15	Measurement of provisions for restoration and environmental rehabilitation
15	Provision for uninsured losses and future claims
15, 16	Product liability
25	Classification of joint arrangements

NOTES TO THE FINANCIAL REPORT: The notes are organised into the following sections.

Financial performance overview: provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

Balance sheet items: provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

Capital structure and risk management: provides information about the capital management practices of the CSR group and shareholder returns for the year. This section also discusses the CSR group's exposure to various financial risks, explains how these affect the CSR group's financial position and performance and what the CSR group does to manage these risks.

Group structure: explains aspects of the CSR group structure and the impact of this structure on the financial position and performance of the CSR group.

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements and about items that are not recognised in the financial statements but could potentially have a significant impact on the CSR group's financial position and performance.

Financial performance overview

2 Segment information

Operating and reportable segments

The CSR group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in their role as the chief operating decision makers (CODM) in assessing performance and in determining the allocation of resources. Operating segments are identified by management and the board of directors based on the nature of the products sold and production processes involved. Reportable segments are based on operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return.

Each of the business units disclosed below has been determined as a reportable segment.

Building Products	The Building Products business unit comprises Interior Systems (Gyprock plasterboard, Martini, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and Cemintel fibre cement), and Masonry and Insulation (Bradford insulation, Bradford energy solutions, Edmonds ventilation systems, Monier roofing, PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingot, billet and slab.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies, with the exception that significant items (i.e. those items which by their size and nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the CODM.

Transfers of assets between segments are recognised at book value. It is the CSR group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on earnings before interest and tax (EBIT), excluding significant items, with significant items reviewed and reported separately to the CODM.

The following items are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- corporate overheads;
- restructuring and provisions;
- net finance costs; and
- significant items.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2021, the CSR group's trading revenue from external customers in Australia amounted to $2,065.6 million (2020: $2,140.9 million), with $56.8 million (2020: $71.6 million) of trading revenue related to other geographical areas.

The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets in Australia amounted to $1,024.1 million at 31 March 2021 (2020: $1,062.3 million), with $7.3 million (2020: $9.2 million) related to other geographical areas.

2 Segment information (continued)

$million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2021	2020	2021	2020	2021	2020	2021	2020
Building Products	1,534.5	1,591.3	265.7	254.9	81.4	84.4	184.3	170.5
Property	–	–	54.2	(0.8)	–	0.7	54.2	(1.5)
Aluminium	587.9	621.2	35.4	71.5	12.0	11.9	23.4	59.6
Corporate[3]	–	–	(16.6)	(8.0)	2.8	2.7	(19.4)	(10.7)
Restructuring and provisions[4]	–	–	(4.6)	(1.1)	–	–	(4.6)	(1.1)
Total CSR group	**2,122.4**	2,212.5	**334.1**	316.5	**96.2**	99.7	**237.9**	216.8

Reconciliation of earnings before interest, tax and significant items to profit after tax

$million	Note	2021	2020
Earnings before interest, tax and significant items		237.9	216.8
Net finance costs	7	(6.1)	(10.8)
Income tax expense		(65.7)	(58.0)
Profit after tax before significant items (before non-controlling interests)		**166.1**	148.0
Less: non-controlling interests		(5.7)	(13.2)
Profit after tax before significant items attributable to shareholders of CSR Limited		**160.4**	134.8
Significant items after tax attributable to shareholders of CSR Limited	3	(14.3)	(9.5)
Profit after tax attributable to shareholders of CSR Limited		**146.1**	125.3

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Building Products	844.3	945.8	20.6%	18.0%
Property	139.5	167.8	35.3%	(0.8%)
Aluminium	136.0	141.0	16.9%	42.4%
Corporate	(54.8)	(65.6)	–	–
Total CSR group	**1,065.0**	1,189.0	**21.1%**	17.8%

1 Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
2 EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
3 Represents unallocated overhead expenditure and other revenues.
4 Represents restructuring and provisions. Includes legal and managerial costs associated with long-term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 31 March 2021 is calculated as net assets of $1,152.5 million (2020: $1,125.5 million), excluding the following assets: cash of $250.8 million (2020: $414.8 million), net tax assets of $98.4 million (2020: $72.4 million), net financial assets of $nil (2020: $24.0 million), net superannuation assets of $8.4 million (2020: $nil) and interest receivable of $0.7 million (2020: $0.7 million). In addition, the following liabilities have been excluded from funds employed: borrowings of $nil (2020: $320.0 million), asbestos product liability provision of $231.0 million (2020: $246.9 million), net financial liabilities of $39.8 million (2020: $nil) and net superannuation liabilities of $nil (2020: $8.5 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to year end divided by average funds employed. ROFE is not a measure used for Corporate costs which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.

3 Significant items

$million	Note	2021	2020
Impairment of Building Products assets	(i)	(8.3)	(10.9)
Business streamlining restructure costs	(ii)	(12.7)	–
Site closure costs	(iii)	(5.2)	–
Previously recorded significant items, including lease adjustments	(iv)	11.3	3.5
Significant items before finance costs and income tax		(14.9)	(7.4)
Discount unwind and hedging relating to product liability provision	7	(5.6)	(6.2)
Income tax benefit on significant items		6.2	4.1
Significant items after tax		(14.3)	(9.5)
Significant items attributable to non-controlling interests		–	–
Significant items attributable to shareholders of CSR Limited		(14.3)	(9.5)
Net profit attributable to shareholders of CSR Limited		146.1	125.3
Significant items attributable to shareholders of CSR Limited		14.3	9.5
Net profit before significant items attributable to shareholders of CSR Limited		160.4	134.8
Earnings per share attributable to shareholders of CSR Limited before significant items[1]			
Basic (cents per share)		33.1	27.3
Diluted (cents per share)		32.9	27.3

1 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer to note 4.

Note	Description	Further explanation
(i)	Impairment of Building Products assets	During the year ended 31 March 2021, the Building Products segment recorded an impairment charge of $8.3 million (2020: $10.9 million) to reduce the carrying value of assets to their recoverable amount.
(ii)	Business streamlining restructure costs	During the year ended 31 March 2021, the CSR group incurred employee related restructure costs of $12.7 million associated with the CSR strategy implementation. Costs incurred were associated with the re-organisation and streamlining of the operating model to drive efficiency of business performance.
(iii)	Site closure costs	The sale of 8.6 hectares of the third tranche of land at Horsley Park was announced during the year, with the sale expected to be recorded in the financial year ended 31 March 2024. To prepare the site for sale, the PGH Bricks Horsley Park manufacturing site was closed and costs of $5.2 million were incurred, including redundancies and inventory relocation costs.
(iv)	Previously recorded significant items	During the year ended 31 March 2021, the CSR group: ▪ sub-let two leased sites where the leased assets had previously been impaired through significant items. A receivable for the sub-lease income has been recorded during the period, resulting in a gain of $9.3 million; and ▪ reassessed and re-measured provisions associated with prior significant items, resulting in a gain of $2.0 million. During the year ended 31 March 2020, the CSR group recorded income of $3.5 million following the settlement of a legal dispute.

Recognition and measurement

Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

4 Earnings per share

	2021	2020
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	485.1	493.5
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	487.1	494.1
Profit after tax attributable to shareholders of CSR Limited ($million)	146.1	125.3
Basic EPS (cents per share)	30.1	25.4
Diluted EPS (cents per share)	30.0	25.4

1 Calculated by reducing the total weighted average number of shares on issue of 485.4 million (2020: 493.9 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 242,666 (2020: 423,278).

2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 1,987,861 (2020: 642,017). Performance rights granted under the LTI plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Revenue

$million	Note	2021	2020
Trading revenue	2	2,122.4	2,212.5
Other income			
Net gain on disposal of property holdings		57.2	3.5
Significant items	3	9.3	3.5
Other		6.4	10.7

Recognition and measurement

- **Sale of goods**: the group sells a range of building products and aluminium. Sales are recognised when control of the products has transferred, being when the products are delivered and accepted by the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.
- **Sale and installation of goods**: certain CSR businesses supply and install building products. Sales are recognised over time given that there is generally no alternative use of the product (it is generally specified based on the requirements of the building) and there is an enforceable right to payment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For each of these contracts an appropriate driver is determined which is then used to recognise revenue as the work is completed. In the case of fixed-price contracts, the customer generally pays the fixed amount based on a payment schedule. If the services rendered by CSR exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

  Some contracts include multiple deliverables, such as the sale of product and related installation services. However, if the installation could be performed by another party it is accounted as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling price. Revenue in relation to the sale of the product is recognised at a point in time when the product is delivered, and legal title has passed, and the customer has accepted the goods. Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

  Sale and installation of goods revenue is disclosed within 'trading revenue' above and in note 2 given it is not material for separate disclosure.
- **Sale of property holdings:** income is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual relationships. An enforceable right to payment does not arise until after the customer has taken control of the property which is the earlier of when title of the property passes or when the customer has physical possession of the property. As a result, income is recognised when control of the property passes to the customer. Income is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material. In most cases, the consideration is due when legal title is transferred. Profit realised on the sale of property holdings are disclosed within 'net gain on disposal of property holdings' and classified as 'other income' on the statement of financial performance and is recognised in the Property segment.
- **Disposal of assets:** income is recognised when control of the asset passes to the purchaser. The revenue is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material.

6 Expenses

$million	Note	2021	2020
Expenses			
Significant items[1]	3	24.2	10.9
Employee benefits expense		419.4	443.8
Depreciation	12,14	91.0	92.5
Amortisation	12	5.2	7.2

1 Significant items are included within impairment expense and other expenses in the statement of financial performance.

Nature of expense

Employee benefits expense: includes salaries and wages, share-based payments and other entitlements.

7 Net finance costs

$million	Note	2021	2020
Interest expense and funding costs		5.6	2.2
Finance cost - leases	14	8.0	9.4
Discount unwind and hedging relating to product liability provision		5.6	6.2
Discount unwind of other non-current liabilities		0.8	0.8
Foreign exchange (gain) loss		(6.8)	1.7
Finance costs		**13.2**	20.3
Interest income		(1.5)	(3.3)
Net finance costs		**11.7**	17.0
Finance costs included in significant items	3	(5.6)	(6.2)
Net finance costs before significant items		**6.1**	10.8

Recognition and measurement

Interest income and expense are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Funding costs are capitalised and subsequently amortised over the term of the facility. Unwinding of the interest component of discounted assets and liabilities is treated as a finance cost.

8 Income tax expense

Reconciliation of income tax expense charged to the statement of financial performance:

$million	Note	2021	2020
Profit before income tax		211.3	192.4
Income tax expense calculated at 30%		63.4	57.7
(Decrease) increase in income tax expense due to:			
Share of net profit of joint venture entities		(3.9)	(4.1)
Taxable profit on property disposals		0.1	0.1
Non-deductible impairment of goodwill and other assets		–	0.4
Income tax under (over) provided in prior years		0.7	(0.2)
Other items		(0.8)	–
Total income tax expense		**59.5**	**53.9**
Comprising of:			
Current tax expense		72.3	59.1
Deferred tax credit relating to movements in deferred tax balances	13	(12.8)	(5.2)
Total income tax expense		**59.5**	**53.9**

Recognition and measurement

Current and deferred tax is recognised as an expense in the statement of financial performance except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting of a business acquisition, in which case it is taken into account in the determination of goodwill.

Tax transparency report

The CSR group has prepared a voluntary tax transparency report which is available to view online or to download from the CSR website (www.csr.com.au). The report sets out relevant tax information for CSR Limited and its controlled entities for the year ended 31 March 2021.

Disclosure of company tax information

Under tax legislation the Australian Taxation Office will publish in 2021 the following data for the CSR Limited tax consolidated group and Gove Aluminium Finance Limited in relation to the 2020 tax year:

Entity	Total revenue[1] ($million)	Taxable income ($million)	Tax payable ($million)
CSR Limited (ABN: 90 000 001 276)	1,609.9	198.2	35.4
Gove Aluminium Finance Limited (ABN: 45 001 860 073)	627.3	107.3	30.4

1 For financial reporting and taxation purposes, items may have been classified between revenue and expenses differently. Therefore, total revenue may not reconcile to note 2 or note 24.

Income tax is payable on taxable income (not total revenue) after allowing for expenses and specific adjustments under the tax law. For CSR Limited, tax payable for 2020 was $35.4 million because CSR was entitled to utilise franking credits on dividends received and R&D tax offsets to reduce its tax payable.

The net amount of tax losses, capital losses and rebates carried forward at the end of the year is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	2021 ($million)	2020 ($million)
CSR group	187.5[2]	190.2

2 The gross value of unused tax losses for which no deferred tax asset has been recognised are $36.5 million (31 March 2020: $38.7 million). Unused tax losses were predominately generated by a New Zealand subsidiary that is no longer considered likely to utilise the tax losses in the foreseeable future. Unused tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements. The gross value of unused capital losses for which no deferred tax asset has been recognised are $590.9 million (31 March 2020: $598.0 million). Unused capital losses were predominately generated from the sale of the Viridian Glass business and it is not considered likely that the capital losses will be utilised in the foreseeable future. Unused capital losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

9 Business combinations

i) Current year

Building Products segment

During the year ended 31 March 2021, deferred consideration of $0.7 million was paid in relation to an acquisition that occurred during the year ended 31 March 2020.

ii) Prior year

CSR Martini Pty Limited

Background

On 20 December 2019, the CSR group acquired the 30% minority interest in CSR Martini Pty Limited (Martini) for cash consideration of $12.1 million.

Revenue and profit contribution

If the minority interest share of Martini was excluded from the CSR group results for the year ended 31 March 2020, profit after tax attributable to non-controlling interests would have been $1.1 million lower and profit after tax attributable to shareholders of CSR Limited would have been $1.1 million higher.

Acquisition accounting for the transaction

In accordance with AASB 10 *Consolidated Financial Statements*, as the CSR group has a controlling interest in Martini, the acquisition is treated as a transaction between shareholders. As a result, the difference between the consideration paid by the CSR group to purchase the minority interest in Martini and the non-controlling interest has been recorded in the non-controlling interest reserve. Fair value acquisition accounting is not required and the CSR group continues to consolidate Martini. Effective 21 December 2019, the CSR group has recognised 100% of the net profit after tax of Martini.

Details of the effect of changes in the ownership interest on the equity attributable to shareholders of the CSR group is summarised as follows:

	Note	$million
Carrying amount of non-controlling interest at acquisition date		4.0
Consideration paid		(12.1)
Add: put option liability extinguished		3.3
Less: deferred tax impact arising from Martini joining the CSR tax consolidation group	(a)	(1.6)
Amount recognised in non-controlling interest reserve		**(6.4)**

a) Deferred tax impact arising from Martini joining the CSR tax consolidation group

Martini automatically entered the CSR tax consolidation group at acquisition date. Accordingly, the tax cost base of the net assets of Martini needed to be reset, which has resulted in an adjustment to the deferred tax balances. As the entry into the tax consolidation group was a direct consequence of CSR's acquisition of the non-controlling interest, the impact of revising the deferred tax balances has been recorded in equity in the year ended 31 March 2020.

The accounting for this acquisition, the necessary tax consolidation calculations and the net impact of this transaction on equity have been finalised in the year ended 31 March 2021.

Building Products segment

During the year ended 31 March 2020, the Building Products segment acquired the business assets of two entities for total consideration of $3.9 million with goodwill of $1.8 million arising as a result of these acquisitions. Cash consideration of $3.2 million has been paid, with $0.7 million deferred.

The Building Products segment also invested in an entity for cash consideration of $1.5 million.

Balance sheet items

10 Working capital

i) Current receivables

$million	2021	2020
Trade receivables	216.1	228.1
Allowance for doubtful debts	(8.2)	(8.6)
Net trade receivables	**207.9**	219.5
Property receivable	–	17.3
Other loans and receivables	16.3	17.3
Total loans and receivables	**16.3**	34.6
Total current receivables	**224.2**	254.1
Ageing		
Past due 0-60 days – not impaired	2.6	7.9
Past due >60 days – not impaired	–	–
Past due 0-60 days – impaired	7.1	3.7
Past due >60 days – impaired	1.1	4.9
Movement in allowance for doubtful debts		
Opening balance	(8.6)	(7.2)
Trade debts written off	2.2	1.8
Trade debts disposed	–	–
Trade debts provided	(1.8)	(3.2)
Closing balance	**(8.2)**	(8.6)

ii) Inventories

$million	2021	2020
Current		
Raw materials and stores	100.5	102.7
Work in progress	16.8	18.0
Finished goods	196.5	221.2
Total current inventories	**313.8**	341.9

1 Write-down of inventories recognised as an expense within cost of sales for the year ended 31 March 2021 totalled $14.4 million (2020: $13.6 million).

iii) Current payables

$million	2021	2020
Trade payables	229.1	217.4
Other payables	27.6	28.1
Total current payables	**256.7**	245.5

Recognition and measurement

- **Trade receivables:** are recognised initially at fair value and are subsequently measured at amortised cost. The CSR group has adopted an expected credit loss (‘ECL’) model under AASB 9 *Financial Instruments.* The ECL model requires the CSR group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Accordingly, the CSR group’s allowance for doubtful debts calculation applies the expected loss model and takes into consideration the likely level of bad debts (based on historical experience and forward looking information) as well as any known ‘at risk’ receivables. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance. The recoverability of debtors at 31 March 2021 has been assessed to consider the impact of the COVID-19 pandemic and no material recoverability issues have been identified.

- **Inventories:** are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventories is derived by the method most appropriate to each particular class of inventories. The major portion is valued on either a first-in-first-out or average cost basis.

- **Trade and other payables:** are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

11 Property holdings

$million	2021	2020
Current		
Held for sale	40.7	59.7
Total current property holdings	**40.7**	59.7
Non-current		
Held for sale	16.4	13.7
Property projects	86.2	73.3
Total non-current property holdings	**102.6**	87.0

Property holdings are accounted for as Investment Properties in accordance with *AASB 140* Investment Property. The carrying amount of property holdings includes the cost of acquisition and costs incurred in preparing the site for sale. Costs incurred after completion of the site are expensed as incurred.

Property holdings are classified as either:

- **Held for sale:** if the carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property assets that are not expected to settle within 12 months but are subject to a sales agreement are classified as non-current assets.
- **Property projects:** property holdings are the investment properties which are not yet classified as 'held for sale'. Property holdings not expected to be fully developed within 12 months are classified as non-current assets.

12 Property, plant and equipment and intangible assets

i) Property, plant and equipment

		Land and buildings		Plant and equipment		Total	
$million	Note	2021	2020	2021	2020	2021	2020
Cost or written down value		392.5	388.5	1,347.5	1,344.8	1,740.0	1,733.3
Accumulated depreciation and impairment		(104.5)	(96.4)	(941.8)	(895.4)	(1,046.3)	(991.8)
Net carrying amount		**288.0**	292.1	**405.7**	449.4	**693.7**	741.5
Net carrying amount at 1 April		292.1	252.7	449.4	456.9	741.5	709.6
Capital expenditure		0.7	25.7	43.6	71.0	44.3	96.7
Disposed		(0.8)	–	(0.4)	(0.4)	(1.2)	(0.4)
Depreciation	6	(8.2)	(8.1)	(52.7)	(52.7)	(60.9)	(60.8)
Impairments		(0.4)	–	(7.5)	(3.5)	(7.9)	(3.5)
Exchange differences		–	–	(0.1)	–	(0.1)	–
Acquisitions - business combinations	9	–	–	–	1.5	–	1.5
Transferred from (to) property plant and equipment, property holdings and other assets		4.6	21.8	(26.6)	(23.4)	(22.0)	(1.6)
Balance at 31 March		**288.0**	292.1	**405.7**	449.4	**693.7**	741.5

ii) Goodwill and other intangible assets

		Goodwill		Software		Other		Total other intangible assets	
$million	Note	2021	2020	2021	2020	2021	2020	2021	2020
Cost		58.3	58.3	88.8	87.3	31.2	30.0	120.0	117.3
Accumulated amortisation and impairment		–	–	(83.0)	(79.1)	(23.2)	(22.4)	(106.2)	(101.5)
Net carrying amount		**58.3**	58.3	**5.8**	8.2	**8.0**	7.6	**13.8**	15.8
Net carrying amount at 1 April		58.3	57.2	8.2	13.6	7.6	10.1	15.8	23.7
Capital expenditure		–	–	3.5	2.6	1.2	1.0	4.7	3.6
Disposed		–	–	–	–	–	–	–	–
Amortisation	6	–	–	(4.4)	(5.6)	(0.8)	(1.6)	(5.2)	(7.2)
Impairments		–	(0.7)	(1.4)	(2.4)	–	(1.9)	(1.4)	(4.3)
Exchange differences		–	–	(0.1)	–	–	–	(0.1)	–
Acquisitions - business combinations	9	–	1.8	–	–	–	–	–	–
Balance at 31 March		**58.3**	58.3	**5.8**	8.2	**8.0**	7.6	**13.8**	15.8

12 Property, plant and equipment and intangible assets (continued)

Recognition and measurement

- **Property, plant and equipment:** assets acquired are recorded at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- **Depreciation/amortisation:** assets are depreciated or amortised at rates based upon their expected economic life using the straight-line method. Land, goodwill and trade names with indefinite lives are not depreciated or amortised. Useful lives are as follows: buildings 10 to 40 years; plant and equipment 2 to 40 years; and systems software and other intangible assets 2 to 8 years.
- **Software**: developed internally or acquired externally, is initially measured at cost and includes development expenditure. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses.
- **Other intangible assets**: including trade names and customer lists obtained through acquired businesses, are measured at fair value at the date of acquisition. Trade names of $1.6 million (2020: $1.6 million) that have an indefinite life are assessed for recoverability annually. Customer lists and all other trade names that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. Intangible assets not obtained through acquired businesses are measured at cost. These assets are subsequently carried at cost less accumulated amortisation and impairment losses.
- **Goodwill:** represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually and whenever there is an indicator of impairment.

Critical accounting estimate – carrying value assessment

The CSR group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill and trade names with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is determined each reporting period using the CGU's fair value which is calculated using the discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and to determine a suitable discount rate in order to calculate the present value of these future cash flows. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates where appropriate.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount with any impairment recognised immediately in the statement of financial performance.

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: $58.3 million and $1.6 million respectively (31 March 2020: $58.3 million and $1.6 million respectively). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections.

Key assumptions used in the impairment assessments:

- Cash flow forecasts: The cash flows are modelled over a five-year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management, based on the CSR group's view of the most recent outlook on building activity levels, with the terminal year representing long-term average activity levels. These estimates are informed by a review of a sample of external forecasts available as at the date of these financial statements. In addition, cash flows for the Aluminium cash generating unit reflect the most recent forecasts for key assumptions such as the US$ London Metal Exchange (LME) price and USD:AUD exchange rate.
- Post-tax discount rate: The valuation is calculated using a post-tax annual discount rate of 9.0% for all segments other than Aluminium which uses 10.5% (2020: 10.0% for all segments other than Aluminium which was 11.2%).
- Terminal value: The terminal value annual growth rate assumed is 2.0% (2020: 2.5%).

AFS cash generating unit

AFS is a business within the Building Products segment and provides permanent formwork walling solutions for the construction industry. At 31 March 2021, the carrying value of the AFS CGU was $70 million, which included goodwill and other intangible assets of $38 million.

During the year ended 31 March 2021, the business experienced a shortfall in earnings when compared to internal forecasts, mainly due to reductions in market activity for the New South Wales apartment segment. As a result, an impairment assessment was performed for the AFS CGU at 31 March 2021 in accordance with AASB 136 *Impairment of Assets.*

Key assumptions used in the impairment assessment are consistent with those outlined above. The cash flow forecast for AFS assumes a recovery in market activity consistent with external forecasts. Following the detailed impairment review of future cash flow projections, the recoverable amount of the AFS CGU is estimated to exceed the carrying amount of the CGU at 31 March 2021 by $5 million. The impact of reasonable possible changes in key assumptions has also been considered:

- A 10% reduction in the volumes throughout the period modelled would result in an impairment of $24 million.
- A 1% increase in the discount rate applied (from 9% to 10%) would result in an impairment of $8 million.
- A 1% decrease in the terminal annual growth rate (from 2% to 1%) would result in an impairment of $5 million.

No other reasonable possible changes in key assumptions have been identified.

13 Net deferred income tax assets

$million	2021	2020
Net deferred income tax assets arising on temporary differences[1]	143.0	129.4
Net deferred income tax liabilities arising on temporary differences	–	(18.5)
Tax losses – revenue recorded as asset[1]	1.9	0.9
Total net deferred income tax assets	**144.9**	111.8

1 For the year ended 31 March 2021, deferred income tax assets in the statement of financial position total $144.9 million (31 March 2020: $130.3 million).

Movement in deferred income tax assets

$million	Opening balance	Credited (charged) to profit or loss	Credited (charged) to equity	Other (including transfers)	Closing balance
2021					
Property, plant and equipment	(15.7)	1.2	–	(0.4)	(14.9)
Right-of-use lease assets	(45.9)	9.7	–	(1.9)	(38.1)
Lease liabilities	60.0	(10.5)	–	1.9	51.4
Superannuation defined benefit plans	2.5	0.3	(5.3)	–	(2.5)
Product liability provision	74.1	(4.8)	–	–	69.3
Employee benefits provisions	24.4	2.6	–	–	27.0
Other provisions	21.3	0.8	–	–	22.1
Spares and stores	(11.8)	11.8	–	–	–
Fair value of hedges	(6.8)	–	25.6	–	18.8
Other individually insignificant balances	8.8	0.7	0.4	–	9.9
Tax losses	0.9	1.0	–	–	1.9
Total net deferred income tax assets	111.8	12.8	20.7	(0.4)	**144.9**
2020					
Property, plant and equipment	(17.4)	1.5	(0.6)	0.8	(15.7)
Right-of-use lease assets	–	9.7	(51.2)	(4.4)	(45.9)
Lease liabilities	–	(10.2)	66.0	4.2	60.0
Superannuation defined benefit plans	(2.6)	0.9	4.2	–	2.5
Product liability provision	80.4	(6.3)	–	–	74.1
Employee benefits provisions	28.2	(3.8)	–	–	24.4
Other provisions	26.3	(0.6)	(3.4)	(1.0)	21.3
Spares and stores	(11.9)	0.1	–	–	(11.8)
Fair value of hedges	(6.1)	–	(0.7)	–	(6.8)
Other individually insignificant balances	(4.8)	13.0	0.3	0.3	8.8
Tax losses	–	0.9	–	–	0.9
Total net deferred income tax assets	92.1	5.2	14.6	(0.1)	111.8

Recognition and measurement

Current tax: represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax: is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities, when the tax balances relate to the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis. No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.

14 Leases

i) The CSR group's leasing activities

The CSR group leases various properties, equipment and vehicles. Property leases typically are for a period of 4 to 10 years and often have extension options and equipment and vehicle leases are typically for a period of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of financial performance. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT equipment and office equipment such as photocopiers.

ii) Amounts recognised in the financial statements

The statement of financial position shows the following amounts relating to leases:

$million	2021	2020
Right-of-use assets		
Properties	116.5	140.4
Equipment	6.3	6.4
Vehicles	4.4	6.4
Total right-of-use assets	**127.2**	153.2
Lease liabilities		
Current	30.2	32.9
Non-current	141.1	167.1
Total lease liabilities	**171.3**	200.0

The statement of financial performance contains the following amounts relating to leases:

$million		2021	2020
Depreciation charge for right-of-use assets			
Properties		24.1	25.4
Equipment		2.5	2.3
Vehicles		3.5	4.0
Total depreciation charge for right-of-use assets	6	**30.1**	31.7
Interest expense (included in finance cost)	7	8.0	9.4
Expense relating to short-term and low-value leases		11.5	12.6

The statement of cashflows contains the following amounts within 'financing activities' relating to leases:

$million		2021	2020
Lease payments		34.0	33.9
Interest	7	8.0	9.4
Total lease cash outflows included in 'cash flows from financing activities'		**42.0**	43.3

The table below analyses the undiscounted cash flows for the CSR group's lease liabilities, into relevant maturity groupings based on the remaining lease term at the reporting date:

$million	2021	2020
1 year or less	37.1	42.1
1 to 3 years	61.8	69.6
3 to 5 years	45.9	54.4
Over 5 years	62.3	83.2
Total undiscounted cash flows	**207.1**	249.3

15 Provisions

$million	2020	Recognised/ remeasured	Settled/ transferred	Discount unwind	2021
Current					
Employee benefits	76.8	49.0	(40.5)	–	85.3
Restructure and rationalisation	6.6	10.0	(12.7)	–	3.9
Product liability	30.0	14.6	(20.6)	–	24.0
Restoration and environmental rehabilitation	1.1	0.6	(0.2)	–	1.5
Uninsured losses and future claims	4.0	3.6	(2.2)	–	5.4
Other[1]	11.4	5.4	(5.3)	–	11.5
Total current provisions	129.9	83.2	(81.5)	–	**131.6**
Non-current					
Employee benefits	4.3	–	0.3	–	4.6
Product liability	216.9	(14.6)	–	4.7	207.0
Restoration and environmental rehabilitation	0.7	1.2	–	–	1.9
Make-good for property leases	11.5	–	(0.6)	–	10.9
Uninsured losses and future claims	20.0	(3.3)	–	0.7	17.4
Other[1]	11.6	–	(0.8)	0.1	10.9
Total non-current provisions	265.0	(16.7)	(1.1)	5.5	**252.7**

1 Includes provision for anticipated disposal costs of Tomago aluminium smelters spent pot lining and onerous lease liabilities.

Recognition, measurement and critical accounting estimates

Provisions are recognised when the CSR group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated. Provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the CSR group.

Provisions representing critical accounting estimates and key sources of estimation uncertainty

- **Product liability:** provision is made for all known asbestos claims and reasonably foreseeable future claims has been determined using reports provided by independent experts in each of Australia and the United States, and includes an appropriate prudential margin. Refer to note 16 for further details of the key assumptions and uncertainties in estimating this liability.
- **Measurement of provisions for restoration and environmental rehabilitation:** the liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. Judgment is required in arriving at an estimate of future costs required to extinguish these obligations. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities.
- **Provision for uninsured losses and future claims:** relates to the CSR group's self-insurance program for workers' compensation. CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers compensation insurance. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each year end using reports provided by independent experts annually.

Other provisions

- **Employee benefits provisions:** provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- **Make-good for property leases:** provision has been recognised for the present value of the estimated expenditure to restore leased properties to their original condition at the end of the respective lease terms. These costs have been capitalised as part of the cost of the right-of-use leased asset and are amortised over the shorter of the term of the lease and the useful life of the assets.
- **Restructure and rationalisation:** provision is made for restructuring and rationalisation where the CSR group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

16 Product liability

Background

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

CSR has been settling claims since 1989. It has been, and remains, CSR's policy to ensure that all legitimate asbestos related claims, whether in Australia or the US, are resolved on a fair and equitable basis. Where there is a demonstrated liability, CSR will seek to offer a fair settlement and, in the case of US claimants, one that is consistent with claim settlement values in Australia.

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 31 March 2021, CSR had resolved approximately 5,100 claims in Australia and approximately 137,900 claims in the United States.

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers compensation payments from available workers compensation insurers.

CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in Australia and the United States. CSR has appointed Finity Consulting Pty Limited as the independent expert to estimate the Australian liabilities. CSR has appointed Nathan Associates, Inc as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation (Australian liability 2.50% and US liability 2.0%); and
- the discount rate applied to future payments (Australian liability 2.25% and US liability 1.70%).

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future costs of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

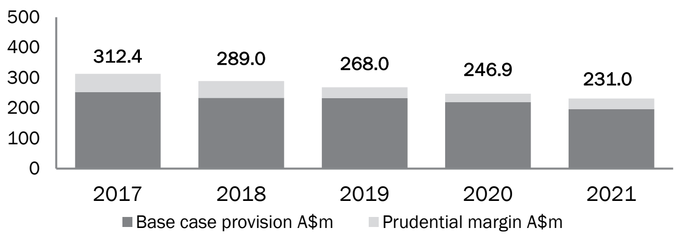
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR directors at the balance date, having regard to the prevailing litigation environment and any material uncertainties that may affect future liabilities. As evidenced by the analysis below, the prudential margin has varied over the past five years. The directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2021 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially understate or overstate CSR's asbestos liability.

However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in Australia and the United States will not have a material adverse impact on the CSR group's financial condition.

CSR's asbestos provision is summarised in the graph and table below:

Table and Graph 1: Five year history – asbestos provision



$million	Year ended 31 March	
	2021	2020
Base case estimate	196.1	218.9
Prudential margin	34.9	28.0
Prudential margin %	*17.8%*	*12.8%*
Total product liability provision	**231.0**	**246.9**

Capital structure and risk management

17 Borrowings and credit facilities

i) Borrowings

$million	2021	2020
Non-current borrowings – unsecured	–	320.0

Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

ii) Credit facilities

The CSR group has a total of $420.0 million (31 March 2020: $320.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $154.0 million in 2023, $191.0 million in 2024 and $75.0 million in 2025. As at 31 March 2021, $420.0 million of the standby facilities were undrawn (2020: $320.0 million drawn).

18 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2020	485,382,776	966.7
On-market share buy-back – net of transaction costs	–	–
On issue 31 March 2021	**485,382,776**	**966.7**

1 Fully paid ordinary shares are listed on the Australian Securities Exchange and carry one vote per share and the right to dividends.

No shares were issued during the years ended 31 March 2021 and 31 March 2020 under employee share plans as shares in respect of the plans were acquired on market. During the years ended 31 March 2021 and 31 March 2020, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on-market and did not have any impact on issued capital.

Net tangible assets per ordinary share for the year ended 31 March 2021 are $2.16 (2020: $2.04). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,118.8 million (2020: $1,065.0 million) less intangible assets of $72.1 million (2020: $74.1 million) divided by the number of issued ordinary shares of 485.4 million (2020: 485.4 million).

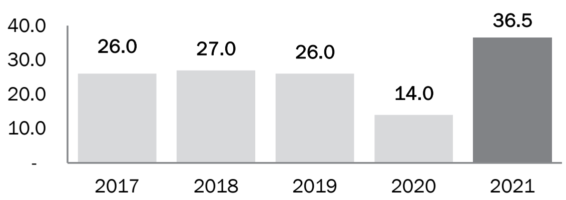
During the year ended 31 March 2021, the company ended the on-market share buy-back program.

19 Dividends and franking credits

i) Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2019 Final	13.0	50%	64.9	2 July 2019
2020 Interim ordinary	10.0	50%	49.1	10 December 2019
2020 Interim special	4.0	50%	19.7	10 December 2019
2020 Final	–	–	–	–
2021 Interim ordinary	8.5	100%	41.3	8 December 2020
2021 Interim special	4.0	100%	19.4	8 December 2020
2021 Final ordinary[1]	14.5	100%	70.4	2 July 2021
2021 Final special[1]	9.5	100%	46.1	2 July 2021

Graph 1: Dividends declared relating to each financial year – cents per share



1 The amounts disclosed as recognised in 2021 are the interim dividends in respect of the financial year ended 31 March 2021.

ii) Franking credits

$million	2021	2020
Franking account balance on an accruals basis[1]	88.4	39.8

1 The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of income tax liabilities or receivables after the end of the year.

20 Reserves

$million	Hedge reserve	Foreign currency translation reserve	Employee share reserve	Share based payment trust reserve	Non-controlling interests reserve	Other	Total
Balance at 1 April 2020	9.3	(2.1)	40.2	(24.4)	(68.7)	–	(45.7)
Hedge loss recognised in equity	(49.2)	–	–	–	–	–	(49.2)
Hedge profit transferred to the statement of financial performance	(10.6)	–	–	–	–	–	(10.6)
Translation of foreign operations	–	(3.2)	–	–	–	–	(3.2)
Income tax related to other comprehensive income	18.0	–	–	–	–	–	18.0
Share-based payments expense	–	–	1.7	–	–	–	1.7
Income tax related to share-based payments expense	–	–	0.5	–	–	–	0.5
Acquisition of shares by CSR employee share trust	–	–	–	(1.0)	–	–	(1.0)
Acquisition of non-controlling interest	–	–	–	–	(0.1)	–	(0.1)
Balance at 31 March 2021	**(32.5)**	**(5.3)**	**42.4**	**(25.4)**	**(68.8)**	**–**	**(89.6)**
Balance at 1 April 2019	13.0	(3.4)	38.7	(24.3)	(59.1)	(3.3)	(38.4)
Hedge profit recognised in equity	3.8	–	–	–	–	–	3.8
Hedge profit transferred to the statement of financial performance	(9.1)	–	–	–	–	–	(9.1)
Translation of foreign operations	–	1.3	–	–	–	–	1.3
Income tax related to other comprehensive income	1.6	–	–	–	–	–	1.6
Share-based payments expense	–	–	0.3	–	–	–	0.3
Income tax related to share-based payments expense	–	–	1.2	–	–	–	1.2
Acquisition of shares by CSR employee share trust	–	–	–	(0.1)	–	–	(0.1)
Acquisition of non-controlling interest	–	–	–	–	(9.6)	3.3	(6.3)
Balance at 31 March 2020	9.3	(2.1)	40.2	(24.4)	(68.7)	–	(45.7)

Nature and purpose of reserves

Hedge reserve: the hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve: exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Employee share reserve: the employee share reserve is used to recognise the share-based payments expense and associated income tax recognised through other comprehensive income.

Share based payment trust reserve: treasury shares are shares in CSR Limited that are held by the CSR Limited Share Plan Trust ('Trust') for the purpose of issuing shares under the CSR employee share plans and the CSR executive incentive plans (see pages 63 to 66 of the remuneration report for further detail). When the Trust purchases the company's equity instruments, the consideration paid is recorded in the share-based payments trust reserve.

Number of shares	2021	2020
Opening balance	21,354	683,663
Acquisition of shares by the Trust (average price of $4.55 (2020: $3.40) per share)	225,000	25,000
Issue of shares under executive incentive plans	(144,173)	(687,309)
Closing balance	**102,181**	21,354

Non-controlling interests reserve: this reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Other reserves: other reserves were used to recognise the written put option the minority shareholders of the Martini business had to sell all of their remaining interest to the group at an agreed price (based on the financial results of the business). The written put option was extinguished as a result of the CSR group's purchase of the remaining 30% of Martini. Refer to note 9 for further details.

21 Financial risk management

The CSR group's activities expose it to a variety of financial risks, including credit, liquidity and market risks.

This note presents information about the Risk Management Policy framework ('framework') and each of these risks.

The framework sets out the specific principles in relation to the use of financial instruments in hedging exposures to market risk, specifically interest rate risk, foreign exchange risk and commodity risk (aluminium, alumina, oil, electricity and gas) and the investment of excess liquidity. The risk management policy has been approved by the board of directors.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CSR group's activities. Compliance with the framework and procedures is reviewed by the Finance Committee on a routine basis. The Finance Committee membership consists of the managing director and other relevant senior executives.

The CSR group uses a variety of derivative instruments to manage market risks. There have been no changes in the type and scale of risk that the CSR group is exposed to or the risk management policies used to manage these risks during the years ended 31 March 2021 and 31 March 2020.

The CSR group does not use derivative or financial instruments for speculative or trading purposes.

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

i) Credit risk

Nature of the risk

Credit risk is the risk of financial loss to the CSR group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the CSR group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk management: receivables

The CSR group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry sector and country in which customers operate. To manage this risk, the CSR group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness before the CSR group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed regularly.

Any sales exceeding those limits require approval from the general manager. The CSR group continuously monitors the financial viability of its trade customers and accounts, ageing analysis and, where necessary, carries out a reassessment of credit limits provided.

Concentrations of credit risk with respect to receivables are limited due to the large number of customers and markets in which the CSR group does business, as well as the dispersion across many geographic areas.

The CSR group measures the loss allowance at an amount that reflects expected losses for trade and other receivables (refer to note 10).

Credit risk management: derivatives

The CSR group has an established counterparty credit risk policy. Derivatives may be entered into with banks that are rated at least A– from rating agency Standard & Poor's or A3 from rating agency Moody's, unless otherwise approved by the board.

ii) Liquidity risk

Nature of the risk

Liquidity risk is the risk that the CSR group has insufficient funds to meet its financial obligations when they fall due.

Liquidity risk management

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities in combination with continuously monitoring forecast and actual cash flows, to enable matching the maturity profiles of financial assets and liabilities. The CSR group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the CSR group's reputation. Details of credit facilities and the maturity profile are given in note 17.

The table below analyses the undiscounted cash flows for the CSR group's financial liabilities and derivative financial instruments, currently in a liability position, into relevant maturity groupings based on the remaining period at the reporting date to maturity:

Liquidity risk ($million)	1 year or less	1 to 3 years	3 to 5 years	Total
2021				
Current payables	256.7	–	–	256.7
Commodity financial instruments	76.6	110.4	3.3	190.3
Foreign currency financial instruments	1.1	0.9	–	2.0
Total	334.4	111.3	3.3	**449.0**
2020				
Current payables	245.5	–	–	245.5
Borrowings (including interest)	3.4	297.9	25.1	326.4
Commodity financial instruments	8.4	9.6	1.0	19.0
Foreign currency financial instruments	18.8	8.4	–	27.2
Total	276.1	315.9	26.1	618.1

21 Financial risk management (continued)

iii) Market risk

The table below provides information about commodity derivatives (to manage commodity price exposures) and significant exchange rate exposures in forward exchange rate contracts, entered into by the CSR group:

$million	Average price/ exchange rate [1,2]	Notional value				Fair value[3,4]		Change in equity before tax	
		1 year or less	1 to 3 years	3 to 5 years	Total	Asset	Liability	Price/exchange rate strengthens by 10%	Price/exchange rate weakens by 10%
2021									
Commodity swaps – aluminium	1,940.6	292.7	456.4	108.0	857.1	0.9	(129.3)	(97.7)	97.7
Commodity swaps – alumina/aluminium	–[5]	69.9	203.1	–	273.0	–	(12.9)	28.8	(28.8)
Commodity swaps – oil	83.7	13.8	25.1	–	38.9	–	(3.3)	3.5	(3.5)
Commodity swaps & futures – electricity	61.2	11.8	18.9	1.2	31.9	0.3	(9.1)	2.2	(2.2)
Commodity swaps & options – gas	6.4	20.2	–	–	20.2	0.1	(0.5)	0.1	(0.1)
Forward exchange rate contracts (US dollar – sell)[6]	0.7	302.5	421.2	45.0	768.7	92.4	(0.9)	70.5	(86.2)
2020									
Commodity swaps – aluminium	1,789.0	233.8	320.4	13.1	567.3	53.2	(0.1)	(50.7)	50.7
Commodity swaps – alumina/aluminium	–[5]	89.4	–	–	89.4	–	(8.1)	7.0	(7.0)
Commodity swaps – oil	83.4	10.9	30.1	10.0	51.0	–	(9.5)	4.1	(4.1)
Commodity swaps & futures – electricity	66.0	15.1	25.5	–	40.6	0.7	(7.3)	3.3	(3.3)
Commodity swaps & options – gas	–	–	–	–	–	–	–	–	–
Forward exchange rate contracts (US dollar – sell)[6]	0.6	347.1	350.6	–	697.7	16.6	(26.6)	58.9	(72.0)

1 Exchange rate applicable to forward exchange rate contracts.
2 Average deal price is in USD/metric tonne (aluminium), AUD/barrel (oil), AUD/MWh (electricity) and AUD/GJ (gas).
3 $153.5 million net of commodity contract losses (2020: $28.5 million net gains) were deferred in 2021 as the losses relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2021 is one year or less: $69.4 million loss (2020: $19.9 million gain); one to three years: $81.2 million loss (2020: $9.3 million gain); three to five years: $2.9 million loss (2020: $0.7 million loss). The fair value of $153.8 million (2020: $28.9 million) includes $0.3 million of losses (2020: $0.4 million of gains) recognised in profit or loss.
4 $91.5 million of net foreign exchange contract gains (2020: $10.0 million net losses) have been deferred as the gains relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2021 is one year or less: $45.6 million gain (2020: $10.3 million loss); one to three years: $44.9 million gain (2020: $0.3 million gain) and three to five years $1.0 million gain (2020: nil).
5 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price.
6 Sales of US dollar is the dominant foreign exchange hedge. In addition, the CSR group uses FX swaps to manage foreign currency cash positions and FX forwards to purchase foreign currency expended in manufacturing inputs. The fair value of these at 31 March 2021 is an asset value of $0.6 million (2020: $5.7 million) and liability value of $1.1 million (2020: $0.5 million).

21 Financial risk management (continued)

iii) Market risk (continued)

The table below provides details on the nature, risk management and sensitivity in relation to interest rate and foreign exchange risk.

Risk	Nature of risk	Risk management and sensitivity
Interest rate	At the reporting date, CSR group's interest rate exposure is limited to the net cash balance of $250.8 million (2020: net cash balance of $414.8 million). The maturity profile for the net cash balance of $250.8 million is less than 1 year. The average interest rate on debt for the year was 1.1% (2020: 1.1%) and the average interest rate on cash balances for the year was 0.39% (2020: 1.07%).	The CSR group has a policy of hedging interest rate risk to reduce the volatility of interest expense. At 31 March 2021 the group had no interest rate risk management measures in place because it had no significant borrowings. If interest rates had increased/decreased by one percentage point per annum from the year end rate with all other variables held constant, the post-tax profit for the year would have been $0.8 million higher/lower (2020: $0.6 million higher/lower). This is mainly due to higher/lower interest income on net cash balances.
Foreign exchange	The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue. A portion of revenue is unhedged to offset its US dollar expense requirements for raw materials and equipment. The group also has foreign currency exposure arising from payments for raw materials and capital equipment in its other businesses. This exposure is not material compared to aluminium sales revenue exposure.	The CSR group uses a variety of foreign exchange risk management instruments, including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue and payments for raw materials and capital equipment denominated in foreign currencies. The CSR group's policy is to hedge its net US dollar aluminium exposure to reduce the volatility of aluminium earnings, when acceptable Australian dollar outcomes can be achieved. Forecast US dollar receipts are based on highly probable forecast monthly sales receipts of aluminium which ensures that the underlying foreign currency exchange risk is identical to the hedged risk component (i.e. the US dollar price). Hedging is undertaken at declining levels for up to four years. Sensitivity of fair values to changes in exchange rate is disclosed in the market risk table on page 95.

The table below provides details on the nature and risk management in relation to commodity price risk. Sensitivity of fair values to changes in commodity prices is disclosed in the market risk table on page 95.

Commodity	Nature of commodity price risk	Commodity price risk management
Aluminium	The CSR group has exposure to aluminium commodity prices which arises from sales contracts that commit the CSR group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery.	The CSR group has a policy of hedging its aluminium sales (net of any linked exposure on inputs such as alumina), where acceptable pricing is available, to reduce the volatility of its aluminium earnings when exchanged into Australian dollars. Eligible hedging instruments used for hedging commodity price risk include commodity forward contracts and commodity options. Hedging is undertaken at declining levels for up to four years.
Alumina	The CSR group has exposure to alumina commodity prices through the consumption of alumina at the US$ denominated market price.	The CSR group has a policy of hedging its alumina purchases to reduce the volatility of its aluminium manufacturing costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. The commodity forward contracts utilised are typically of the form where the CSR group receives a floating alumina price and pays a floating aluminium price.
Oil	The CSR group has exposure to oil commodity prices through oil price linked gas purchasing contracts. The A$ gas purchase price is partially a function of the prevailing US$ oil price and A$/US$ exchange rate.	The CSR group has a policy of hedging the oil price component of the price of gas purchased to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. These contracts are either denominated in A$ or US$. If denominated in US$ the risk arising from movements in the A$/US$ exchange rate is managed through foreign exchange forward and option contracts.
Electricity	The CSR group purchases electricity from the National Electricity Market which gives rise in exposure to the spot electricity price.	The CSR group has a policy of hedging the electricity spot price to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.
Gas	The CSR group has exposure to gas hub prices through purchases of gas from the Victorian Declared Wholesale Gas Market and New South Wales, South Australia and Queensland Short-Term Trading Markets.	The CSR group has a policy of hedging its exposure to gas hub prices to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.

21 Financial risk management (continued)

iv) Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to meet their obligations as and when due, take advantage of business opportunities as they present, and continue as a going concern while maximising the return to shareholders in the context of business and financial market conditions.

The capital structure of the CSR group consists of cash and cash equivalents, issued capital and reserves disclosed in notes 18 and 20, retained profits and debt. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues, share consolidations and share buy-backs, as well as the issue of new debt or the repayment of existing debt.

v) Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition of fair value. The CSR group only has Level 2 financial instruments in the fair value hierarchy.

	2021			2020		
$million	Current[1]	Non-current	Total	Current[1]	Non-current	Total
Financial assets at fair value						
Commodity swaps – aluminium	0.3	0.6	0.9	34.2	19.0	53.2
Commodity swaps – alumina/aluminium	–	–	–	–	–	–
Commodity swaps – oil	–	–	–	–	–	–
Commodity swaps – electricity	0.2	0.1	0.3	0.5	0.2	0.7
Commodity swaps – gas	0.1	–	0.1	–	–	–
Forward exchange rate contracts	46.3	46.7	93.0	13.4	8.9	22.3
Collateral with financial institutions[2]	16.1	6.9	23.0	–	–	–
Other	–	3.4	3.4	–	3.4	3.4
Total	**63.0**	**57.7**	**120.7**	48.1	31.5	79.6
Financial liabilities at fair value						
Commodity swaps – aluminium	59.6	69.7	129.3	–	0.1	0.1
Commodity swaps – alumina/aluminium	5.8	7.1	12.9	8.1	–	8.1
Commodity swaps – oil	0.6	2.7	3.3	3.3	6.2	9.5
Commodity swaps – electricity	3.5	5.6	9.1	2.9	4.4	7.3
Commodity swaps – gas	0.5	–	0.5	–	–	–
Forward exchange rate contracts	1.1	0.9	2.0	18.8	8.3	27.1
Other	–	–	–	0.1	–	0.1
Total	**71.1**	**86.0**	**157.1**	33.2	19.0	52.2

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
2 Collateral against unrealised losses on derivative instruments, under credit support and futures account agreements.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The CSR group has no Level 1 financial instruments in the fair value hierarchy.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The CSR group has no Level 3 financial instruments in the fair value hierarchy.

There were no transfers from Level 2 to Level 1 and Level 3 in 2021 and no transfers in either direction in 2021.

The fair value amounts shown above are not necessarily indicative of the amounts that the CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Recognition and measurement

The fair value of financial instruments, including financial assets and liabilities approximates their carrying amount.

The fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract.

The CSR group designates its derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the year when the hedged item is recognised in profit or loss.

21 Financial risk management (continued)

vi) Cash flow hedging

The impact of hedging instruments designated in material hedging relationships as of 31 March 2021 on the statement of financial position of the CSR group is as follows:

	Notional amount	Asset carrying amount	Liability carrying amount	Changes in value of instrument used for calculating hedge ineffectiveness – gain (loss)	Changes in value of hedged item used for calculating hedge ineffectiveness – gain (loss)	Cash flow hedge reserve (continuing hedges) – gain (loss)	Hedge gain (loss) recognised in other comprehensive income[1]	Gain (loss) reclassified from other comprehensive income to profit or loss before tax[2]	Line item in statement of comprehensive income
2021									
Aluminium commodity swaps	335,550 tonnes	0.9	(129.3)	(181.6)	182.1	(128.4)	(170.6)	(11.0)	Trading revenue
Alumina/aluminium commodity swaps[3]	675,000 tonnes	–	(12.9)	(4.7)	4.7	(12.9)	(16.6)	11.9	Cost of sales
Oil commodity swaps	465,000 barrels	–	(3.3)	6.2	(6.2)	(3.3)	3.5	2.7	Cost of sales
Electricity commodity swaps	521,453 MWh	0.5	(9.1)	(1.5)	1.9	(8.6)	(5.6)	4.1	Cost of sales
Gas commodity swaps	2,420,000 GJ	0.1	(0.5)	(0.5)	(0.2)	(0.4)	(0.4)	0.1	Cost of sales
Forward currency contracts (sales)	768.4	92.4	(0.9)	101.6	(101.5)	91.5	127.8	(26.2)	Trading revenue
Forward currency contracts (purchases)	15.2	1.2	(1.4)	(4.9)	4.9	(0.2)	(5.1)	0.2	Cost of sales
2020									
Aluminium commodity swaps	195,675 tonnes	53.2	(0.1)	23.5	(23.7)	53.1	44.4	(20.9)	Trading revenue
Alumina/aluminium commodity swaps[3]	158,350 tonnes	–	(8.1)	(8.1)	7.9	(8.1)	(8.1)	–	Cost of sales
Oil commodity swaps	612,000 barrels	–	(9.5)	(13.4)	13.5	(9.5)	(11.0)	(2.4)	Cost of sales
Electricity commodity swaps	615,163 MWh	0.4	(7.3)	(13.2)	13.5	(6.9)	(11.1)	(2.1)	Cost of sales
Gas commodity swaps	–	–	–	–	–	–	–	–	–
Forward currency contracts (sales)	632.3	16.5	(26.6)	10.2	(10.3)	(10.1)	(5.8)	16.0	Trading revenue
Forward currency contracts (purchases)	42.0	5.3	(0.8)	3.4	(3.4)	4.5	4.5	(1.1)	Cost of sales

1 The net hedge loss recognised in other comprehensive income totalling $67.0 million (2020: $12.9 million net gain) less non-controlling interests of $17.8 million (2020: $9.1 million) reconciles to the hedge loss transferred to equity in note 20.

2 The net gain reclassified from other comprehensive income to profit or loss before tax totalling $18.2 million (2020: $10.5 million) less non-controlling interests of $7.6 million (2020: $1.4 million) reconciles to the hedge gain transferred to the statement of financial performance in note 20.

3 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price. Notional amount is tonnes of alumina.

Group structure

22 Subsidiaries

Entity	% CSR ownership 2021	% CSR ownership 2020	Entity	% CSR ownership 2021	% CSR ownership 2020
Incorporated in Australia			**Incorporated in Australia (continued)**		
A-Jacks Hardwall Plaster Pty Ltd	100	100	CSR Subsidiary Holdings Limited[2]	100	100
A-Jacks Unit Trust	100	100	CSR-ER Nominees Pty Limited	100	100
AFS Systems Pty Limited[2]	100	100	Gove Aluminium Finance Limited	70	70
AFS Unit Trust	100	100	High Road Capital Pty Limited	100	100
BI (Contracting) Pty Limited	100	100	Midalco Pty Limited	100	100
Bradford Insulation Industries Pty Limited	100	100	Monier PGH Superannuation Pty Limited	100	100
Bradford Insulation (S.A.) Pty Limited[1]	100	100	PASS Pty Limited	100	100
Bricks Australia Services Pty Limited[2]	100	100	PGH Bricks & Pavers Pty Limited[2]	100	100
Buchanan Borehole Collieries Pty Ltd	100	100	Rediwall Unit Trust	100	100
CSR Building Products Limited[2]	100	100	Rivarol Pty Limited[2]	100	100
CSR Developments Pty Ltd	100	100	Seltsam Pty Limited	100	100
CSR Erskine Park Trust	100	100	Softwood Holdings Limited[1]	100	100
CSR Finance Limited[2]	100	100	Softwood Plantations Pty Limited[1]	100	100
CSR Industrial Property Trust	100	100	Softwoods Queensland Pty Limited[1]	100	100
CSR Industrial Property Nominees No. 1 Pty Limited	100	100	Thiess Bros Pty Limited	100	100
CSR Industrial Property Nominees No. 2 Pty Limited	100	100	Thiess Holdings Pty Limited	100	100
CSR International Pty Ltd	100	100			
CSR Investments Pty Limited[2]	100	100	**Incorporated in New Zealand**		
CSR Investments (Asia) Pty Limited	100	100	CSR Building Products (NZ) Ltd	100	100
CSR Investments (Indonesia) Pty Limited	100	100			
CSR Martini Pty Limited[2, 3]	100	100	**Incorporated in other countries**		
CSR Share Plan Pty Limited	100	100	CSR Guangdong Glasswool Co., Ltd (China)	79	79
CSR Structural Systems Pty Limited[2]	100	100	CSR Insurance Pte Limited (Singapore)	100	100
CSR Subsidiary Finance Pty Limited[2]	100	100	PT Prima Karya Plasterboard (Indonesia)	100	100

1 In members voluntary liquidation.
2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3 The CSR group held a 70% interest in CSR Martini Pty Limited until 20 December 2019 when the remaining 30% interest was acquired. Refer to note 9 for further details.

23 Deed of cross guarantee

CSR Limited, AFS Systems Pty Ltd, Bricks Australia Services Pty Limited, CSR Building Products Limited, CSR Finance Ltd, CSR Investments Pty Limited, CSR Structural Systems Pty Limited, CSR Subsidiary Finance Pty Limited, CSR Subsidiary Holdings Limited, PGH Bricks & Pavers Pty Limited, Rivarol Pty Limited and CSR Martini Pty Limited (joined during the year ended 31 March 2020) are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by CSR Limited, they also represent the 'extended closed group'.

Set out on the following page is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained profits for the years ended 31 March 2021 and 31 March 2020 of the closed group.

23 Deed of cross guarantee (continued)

i) Consolidated statement of financial performance

$million	2021	2020
Trading revenue – sale of goods	**1,477.7**	1,519.8
Cost of sales	(935.8)	(952.5)
Gross margin	**541.9**	567.3
Other income	104.9	26.4
Warehouse and distribution costs	(163.9)	(170.0)
Selling, administration and other operating costs	(233.7)	(262.3)
Share of net profit of joint venture entities	12.9	13.7
Impairment expense	(9.3)	(9.1)
Other expenses	(16.5)	(4.6)
Profit before finance costs and income tax	**236.3**	161.4
Interest income	1.5	2.8
Finance costs	(18.1)	(18.8)
Profit before income tax	**219.7**	145.4
Income tax expense	(51.9)	(36.7)
Profit after tax	**167.8**	108.7

ii) Consolidated statement of comprehensive income

$million	2021	2020
Profit after tax	**167.8**	108.7
Other comprehensive income (expense), net of tax		
Items that may be reclassified to profit or loss		
Hedge profit (loss) recognised in equity	2.0	(17.3)
Hedge profit transferred to statement of financial performance	(2.6)	(5.7)
Exchange differences arising on translation of foreign operations	(3.2)	1.3
Income tax benefit relating to these items	0.2	6.9
Items that will not be reclassified to profit or loss		
Actuarial gain (loss) on superannuation defined benefit plans	17.6	(13.9)
Income tax (expense) benefit relating to these items	(5.3)	4.2
Other comprehensive income (expense) – net of tax	8.7	(24.5)
Total comprehensive income	**176.5**	84.2

iii) Summary of movements in consolidated retained profits

$million	2021	2020
Opening retained profits	156.0	190.7
Profit for the year	167.8	108.7
Actuarial gain (loss) on superannuation defined benefit plans (net of tax)	12.3	(9.7)
Dividends provided for or paid	(60.7)	(133.7)
Closing retained profits	**275.4**	156.0

23 Deed of cross guarantee (continued)

iv) Consolidated statement of financial position

$million	2021	2020
Current assets		
Cash and cash equivalents	243.2	409.6
Receivables	158.4	180.3
Inventories	210.3	240.2
Property holdings	40.7	59.7
Other financial assets	5.1	–
Income tax receivable	0.4	–
Prepayments and other current assets	7.7	9.3
Total current assets	**665.8**	899.1
Non-current assets		
Receivables	21.2	26.1
Property holdings	102.6	87.0
Investments accounted for using the equity method	28.1	34.4
Other financial assets	104.5	162.0
Property, plant and equipment	600.6	643.2
Right-of-use lease assets	116.2	143.0
Goodwill	58.3	58.3
Other intangible assets	11.8	14.5
Deferred income tax assets	122.9	127.2
Other non-current assets	12.4	0.7
Total non-current assets	**1,178.6**	1,296.4
Total assets	**1,844.4**	2,195.5
Current liabilities		
Payables	111.4	188.6
Lease liabilities	30.2	32.9
Other financial liabilities	5.7	0.6
Tax payable	47.3	31.9
Provisions	112.4	110.8
Total current liabilities	**307.0**	364.8
Non-current liabilities		
Payables	0.1	4.0
Lease liabilities	134.4	159.1
Borrowings	–	320.0
Other financial liabilities	8.3	10.6
Provisions	242.5	254.6
Other non-current liabilities	2.7	8.5
Total non-current liabilities	**388.0**	756.8
Total liabilities	**695.0**	1,121.6
Net assets	**1,149.4**	1,073.9
Equity		
Issued capital	966.7	966.7
Reserves	(92.7)	(48.8)
Retained profits	275.4	156.0
Equity attributable to shareholders of the closed group	**1,149.4**	1,073.9

24 Non-controlling interests

Summarised financial information for each subsidiary that has non-controlling interests that are material to the CSR group is set out below. The amounts disclosed are before intercompany eliminations.

	Gove Aluminium Finance Limited	
$million	2021	2020
Statement of financial position		
Current assets	191.5	212.2
Non-current assets	180.5	140.4
Current liabilities	172.1	114.0
Non-current liabilities	88.7	38.1
Statement of financial performance		
Revenue	587.9	621.2
Profit after tax for the year	18.9	40.5
Other comprehensive income for the year	(59.3)	18.0
Total comprehensive income for the year	(40.4)	58.5
Statement of cash flows		
Cash flows from operating activities	12.4	58.2
Cash flows from investing activities	(25.4)	(8.4)
Cash flows from financing activities	(37.5)	(16.3)
Net (decrease) increase in cash held	(50.5)	33.5
Transactions with non-controlling interests		
Profit allocated to non-controlling interests[1]	5.7	12.1
Dividends paid to non-controlling interests[2]	14.7	4.5

1 Profit allocated to non-controlling interests for subsidiaries that are not material for disclosure was $nil for the year ended 31 March 2021 (2020: $1.1 million).
2 Dividends paid to non-controlling interests for subsidiaries that are not material for disclosure were $nil (2020: $2.3 million).

Recognition and measurement

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of financial performance, statement of comprehensive income, statement of financial position and statement of changes in equity respectively. The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

25 Interest in joint operations

The CSR group's interest in the Tomago aluminium smelter joint operation of 36.05% (2020: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint operation of 25.24% (2020: 25.24%).

Recognition and measurement

The shareholders of the joint operation are jointly and severally liable for the liabilities incurred by the operation and have rights to the assets. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the operations under the arrangements, these entities will be classified as joint ventures of the CSR group and accounted for using the equity method. Refer to note 26.

Critical accounting estimate

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement, and therefore requires judgment in determining the classification. The CSR group has both joint operations and joint ventures.

26 Equity accounting information

Carrying amount ($million)	2021			2020		
Entity[1]	Long-term loan	Equity accounted investment	Net investment	Long-term loan	Equity accounted investment	Net investment
Building products						
Rondo Building Services Pty Ltd[2]	–	15.9	15.9	–	21.7	21.7
Gypsum Resources Trust Australia[2]	12.0	–	12.0	12.0	–	12.0
New Zealand Brick Distributors[3]	–	7.5	7.5	–	8.1	8.1
Other[2]	–	0.3	0.3	–	0.8	0.8
Total investment	**12.0**	**23.7**	**35.7**	12.0	30.6	42.6

1 The CSR group's interest in these entities is 50% (2020: 50%).
2 Entities incorporated in Australia.
3 Entity is a limited partnership in New Zealand.

Recognition and measurement

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements. CSR's share of net profit/loss of joint venture entities is recorded in the statement of financial performance.

Purchases and sales of goods and services to joint venture entities are on normal terms and conditions.

i) Net investment in joint ventures

$million	2021	2020
Opening net investment	42.6	40.4
Share of net profit before income tax	19.3	20.0
Share of income tax	(5.8)	(6.1)
Dividends and distributions received	(18.3)	(10.6)
Impairment of equity accounted investment	–	(0.6)
Foreign currency translation and other	(1.8)	0.8
Disposal of equity accounted investment	(0.3)	–
Impact of new leases standard	–	(1.3)
Closing net investment	**35.7**	42.6

ii) Summarised financial information of joint venture entities

$million	2021	2020
Statement of financial position		
Current assets	100.1	98.6
Non-current assets	66.5	77.1
Current liabilities	67.8	53.1
Non-current liabilities	50.4	56.8
Statement of financial performance		
Revenue	259.3	293.1
Share of net profit (loss) after tax		
Rondo Building Services Pty Ltd	12.8	13.8
Other	0.7	0.1

iii) Balances and transactions with joint venture entities

$million	Note	2021	2020
Current loans payable to CSR		0.4	0.8
Non-current loans payable to CSR	32	8.4	7.7
Current payables to joint venture entities		7.5	7.0
Purchases of goods and services		33.6	35.3
Sales of goods and services		4.2	7.1

27 Parent entity disclosures

i) Summary financial information of CSR Limited

$million	2021	2020
Statement of financial position		
Current assets	684.2	725.1
Non-current assets	1,787.9	1,779.6
Current liabilities[1]	(1,013.6)	(768.0)
Non-current liabilities[1]	(265.6)	(609.8)
Net assets	**1,192.9**	1,126.9
Equity		
Issued capital	966.7	966.7
Reserves	11.0	9.8
Retained profits	215.2	150.4
Total equity	**1,192.9**	1,126.9
Statement of financial performance		
Profit after tax for the year	124.7	48.8
Total comprehensive income	125.5	48.6

1 Included within current liabilities are the current portion of the product liability provision and uninsured losses and future claims provision of $24.0 million and $5.4 million respectively (2020: $30.0 million and $4.0 million respectively). Included within non-current liabilities are the non-current portion of the product liability provision and uninsured losses and future claims provision of $207.0 million and $17.4 million respectively (2020: $216.9 million and $20.0 million respectively). See notes 15 and 16 for further details.

ii) CSR Limited transactions with controlled entities

During the financial years ended 31 March 2021 and 2020, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities. All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities. Loans between members of the Australian tax consolidation group are not on normal terms and conditions.

iii) Contingent liabilities

$million	Note	2021	2020
Contingent liabilities, capable of estimation, arise in respect of the following categories:			
Performance guarantees provided to third parties[1]		123.4	116.9
Bank guarantees to Harwood Superannuation Fund[2]	28	3.2	3.2
Total contingent liabilities		**126.6**	120.1

1 Financial guarantees disclosed above relate to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities of $80.6 million (2020: $80.4 million) and guarantees provided to third parties outside of the CSR group of $42.8 million (2020: $36.5 million). In addition, CSR Limited has undertaken to provide financial support, as and when required, to certain wholly owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

2 CSR Limited has an obligation to contribute amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 107% of the amount required to meet the actuarial liabilities.

iv) Capital commitments

CSR Limited has committed $nil to the acquisition of any property, plant and equipment as at 31 March 2021 (2020: $nil).

Other

28 Employee benefits

i) Superannuation commitments

During the year, the CSR group participated in a number of superannuation funds (funds) in Australia and New Zealand. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian superannuation guarantee legislation.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members.

Retirement funds

The contributions to the funds for the year ended 31 March 2021 for the CSR group were $31.9 million (2020: $36.2 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the members. Contributions are made as agreed between the member and the company, and for the financial year ended 31 March 2021 contributions totalled $28.9 million (2020: $32.3 million). These contributions are expensed in the year they are incurred. CSR group's legal or constructive obligation is limited to these contributions.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or cease when a fund is in actuarial surplus. DBDs are closed to new members.

Changes to defined benefit obligations

The Harwood Superannuation Fund Trust Deed was amended with effect from midnight on 31 December 2011 to restructure the various plans within the fund, including splitting the CSR Plan Division One (defined benefit) into three separate plans. The amendment reflected the agreement between CSR Limited and Wilmar International Limited that Sucrogen Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Sucrogen business as well as its share of the funding obligation in respect of the Harwood Pensioner DBD Plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Wilmar Sugar Australia Limited.

The Pilkington (Australia) Superannuation Scheme Trust Deed was amended with effect from midnight on 31 January 2019 to restructure the plan within the fund, including splitting the Pilkington (Australia) Superannuation Scheme defined benefit plan into two separate plans. The amendment reflected the agreement between CSR Limited and Viridian Glass Limited that Viridian Glass Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Viridian Glass Limited business. The CSR group will retain the funding obligations in respect of the Viridian pensioner defined benefit plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Viridian Glass Limited.

Asset backing

The last actuarial assessment for the Harwood Superannuation Fund was completed as at 30 June 2020. The funding requirements were reviewed as at 30 June 2020. A combination of the attained age normal and projected unit credit funding methods were used to determine the contribution rates for the Harwood Superannuation Fund. The projected unit credit funding method was used for the Pilkington (Australia) Superannuation Scheme.

The Trust Deed sets out a minimum funding level of 103% and a funding guarantee of 107% of actuarial liabilities for the DBD CSR and DBD Harwood Pensioner plans. At the time of the last actuarial review, DBD CSR had a funding position in excess of 107% and DBD Harwood Pensioner had a funding position of 103%. Therefore, as at 31 March 2021, CSR Limited was required to provide bank guarantees of $3.2 million to the trustee of the fund to satisfy the balance of its commitments (2020: $3.2 million). The bank guarantees have been disclosed in note 27.

Table 1: Defined benefit plans (DBDs) sponsored by the CSR group

$million	CSR contributions to the funds	Present value of fund assets	Present value of fund liability	Net defined benefit asset (liability)	Contributions paid
Harwood Superannuation Fund					
DBD CSR and DBD Harwood Pensioner[1]	$nil from 1 April 2020	67.5	(60.2)	7.3	0.2
DBD Monier PGH	$nil from 1 April 2020	39.6	(35.8)	3.8	0.2
Pilkington (Australia) Superannuation Scheme DBD[2]	$nil from 1 April 2020	16.4	(19.1)	(2.7)	–

1 Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2021.
2 Funds contributed by CSR are for accumulation members.

28 Employee benefits (continued)

i) Superannuation commitments (continued)

Key assumptions used by actuaries

Key assumptions and parameters used by the actuaries (expressed as weighted averages) are outlined below:

%		2021	2020
Discount rate (after tax)		2.8	2.4
Expected salary increase		2.5	2.5
Asset class allocation	– Equity instruments	28.1	26.5
	– Debt instruments	47.0	45.0
	– Property	2.7	3.4
	– Other	22.2	25.1

Impact of plans on the statement of financial performance and comprehensive income

$million	2021	2020
Amounts recognised in the statement of financial performance[1]		
Current service cost	0.9	1.0
Finance cost	2.9	4.2
Interest income	(2.7)	(4.4)
Total expense included in the statement of financial performance	**1.1**	0.8
Actuarial gain (loss) incurred during the financial year and recognised in the statement of comprehensive income	**17.6**	(13.9)
Cumulative actuarial losses recognised in the statement of comprehensive income	**(50.6)**	(68.2)

1 Disclosed in selling, administration and other operating costs.

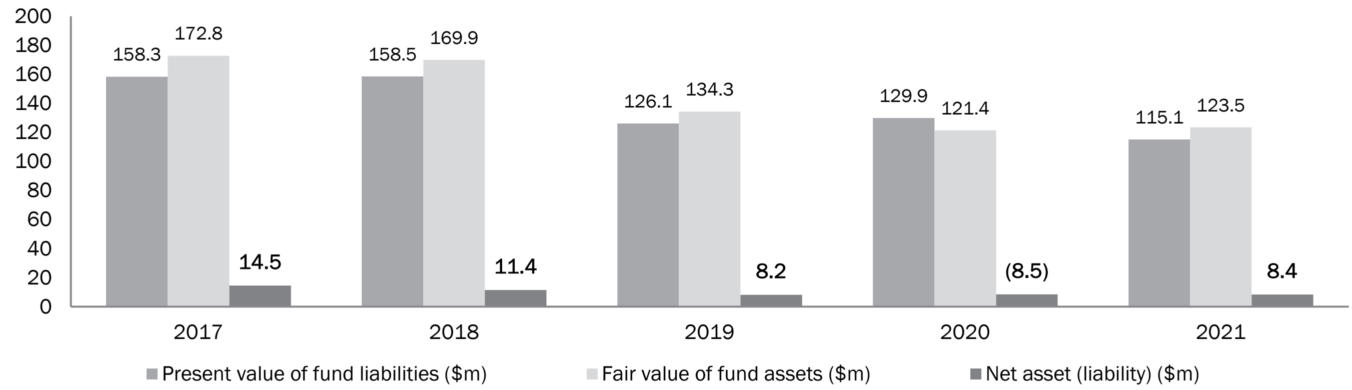
Impact of plans on the statement of financial position

$million	2021	2020
Net asset (liability) of superannuation defined benefit plans		
Fair value of assets	123.5	121.4
Present value of liabilities	(115.1)	(129.9)
Net asset (liability)	**8.4**	(8.5)
Included in the statement of financial position		
Other non-current assets (note 32)	11.1	–
Other non-current liabilities	(2.7)	(8.5)
Net asset (liability)	**8.4**	(8.5)
Movements in the fair value of the defined benefit plan assets		
Assets at the beginning of the financial year	121.4	134.3
Interest income	2.7	4.4
Return on assets (in excess of interest income)	10.8	(6.5)
Contributions from the employer	0.4	(2.0)
Contributions from participants	0.1	0.4
Benefits paid	(11.9)	(9.2)
Assets at the end of the financial year	**123.5**	121.4
Movements in the present value of the defined benefit plan liabilities		
Liabilities at the beginning of the financial year	129.9	126.1
Current service cost	0.9	1.0
Finance cost	2.9	4.2
Contributions from participants	0.1	0.4
Actuarial (gain) loss	(6.8)	7.4
Benefits paid	(11.9)	(9.2)
Liabilities at the end of the financial year	**115.1**	129.9

28 Employee benefits (continued)

i) Superannuation commitments (continued)

Net asset (liability) of superannuation defined benefit plans



Recognition and measurement

For superannuation defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the year in which they occur, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

ii) Share-based payments

Long-term incentive (LTI) plan – Performance rights plan (PRP)

Under the LTI plan effective during the year ended 31 March 2021, eligible executives were invited to receive performance rights in the company. Shares acquired on vesting of performance rights are fully paid ordinary shares and the amount payable to acquire these shares is $nil.

A summary of the performance rights granted under the plan is set out below:

Number of performance rights	2021	2020
Opening balance	3,116,307	3,004,974
Granted during the year	1,372,449	1,609,588
Vested during the year	(247,314)	(535,107)
Lapsed during the year	(1,098,379)	(963,148)
Closing balance	**3,143,063**	3,116,307

There were no vested and exercisable shares at 31 March 2021 (2020: nil).

Performance rights outstanding at the end of the year have the following expiry dates:

		Performance rights	
Grant date	Expiry date	2021	2020
25 July 2017	1 April 2020	–	863,248
25 July 2018	1 April 2021	503,592	687,269
19 July 2019	1 April 2022	1,267,022	1,565,790
21 July 2020	1 April 2023	1,372,449	–
Total		**3,143,063**	3,116,307

A summary of key valuation assumptions for rights granted in the year ended 31 March 2021 is set out below:

Grant date	21 July 2020	21 July 2020
Vesting condition	Relative TSR with a positive absolute TSR requirement	EPS growth
Valuation method	Monte Carlo simulation	Binominal Tree
Start of performance period	1 April 2020	1 April 2020
Testing date	31 March 2023	31 March 2023
Expected life	2.7 years	2.7 years
Grant date share price	$3.49	$3.49
Volatility	32%	32%
Dividend yield	4.7%	4.7%
Risk-free rate	0.29%	0.29%
Fair value	$1.06	$3.08

Further details on the LTI plan and the terms of the grants during the year are detailed in the remuneration report on pages 63 to 66.

28 Employee benefits (continued)

ii) Share-based payments (continued)

Deferred shares

Under the STI deferral plan, 40% of any STI earned by senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and 50% are deferred for one year and 50% are deferred for two years.

Deferred shares are administered by the CSR Share Plan Trust. The shares are acquired on market at the grant date and are held as treasury shares until such time as they vest. Forfeited shares are reallocated in subsequent grants. The number of shares to be granted is determined based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange.

	2021	2020
Number of rights to deferred shares granted	–	207,502
Fair value of rights at grant date	–	$3.29

Other plans

Universal Share Option Plan (USOP): eligible employees can buy shares to a maximum value of $1,000 and receive an equivalent number of shares for no cash consideration. The shares are acquired on market prior to issue with the cost of acquisition recognised in employee benefit expense.

Employee Share Acquisition Plan (ESAP): directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.

Number of shares issued under the plans	2021	2020
USOP[1]	531,674	406,692
ESAP	109,573	89,321

1 Number of shares issued includes the number of purchased shares issued to employees under the plan. Each participant was issued with shares to a maximum value of $1,000 based on the weighted average market price of $3.49 (2020: $4.27).

For further details on the USOP and the ESAP, refer to page 66 of the remuneration report.

Expenses arising from share-based payment transactions

$	2021	2020
Long-term incentive plan (PRP)	1,106,453	(351,685)
Deferred shares	598,766	682,886
Other plans	928,369	867,926
Total expense	**2,633,588**	1,199,127

Recognition and measurement

Share-based payments can either be equity settled or cash settled.

- **Equity settled:** the fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period (with a corresponding increase to the employee share reserve), based on the CSR group's estimate of shares that will eventually vest.
- **Cash settled:** the ultimate expense recognised in relation to cash settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

29 Related party disclosures

i) Transactions with directors or other key management personnel

Transactions entered into during the financial year with directors of CSR Limited and other key management personnel of the CSR group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (see section ii) and reimbursement of expenses;
- acquisition of shares in CSR Limited under the employee share plans and the dividend reinvestment plan;
- dividends from shares in CSR Limited; and
- sale and purchase of goods and services.

No new loans, loan repayments or loan balances occurred between the CSR group and directors and other key management personnel of the CSR group during the financial year ended 31 March 2021 (2020: nil).

ii) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

$	2021	2020
Short-term employee benefits	4,505,319	3,846,034
Share-based payments expense	508,978	(236,622)
Total	**5,014,297**	3,609,412

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report on pages 50 to 70.

iii) Other related parties

Other than transactions with joint venture entities disclosed in note 26, no material amounts were receivable from, or payable to, other related parties as at 31 March 2021 (2020: nil), and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in note 28.

30 Subsequent events

Except for the items disclosed below, there has not arisen in the interval between 31 March 2021 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the CSR group, the results of those operations or the state of affairs of the CSR group in subsequent financial years.

Dividends

For dividends resolved to be paid after 31 March 2021, refer to note 19.

31 Commitments and contingencies

i) Commitments

$million	2021	2020
Contracted capital expenditure comprises:		
Payable within one year	8.6	16.1

ii) Contingencies

Contingencies for CSR Limited are outlined in the parent entity note 27. There are no other contingencies in relation to controlled entities within the CSR group.

32 Other non-current assets

$million	Note	2021	2020
Loans to joint venture entities[1]	26	8.4	7.7
Other loans and receivables		15.0	7.3
Total non-current receivables		23.4	15.0
Other assets		1.3	0.7
Superannuation defined benefit plans – fair value of surplus	28	11.1	–
Total other non-current assets		12.4	0.7

1 The CSR group has provided facilities to joint venture entities on arm's length terms.

33 Auditor's remuneration

$	2021	2020
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial reports	657,000	657,000
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	37,080	41,200
Total auditor's remuneration	694,080	698,200

34 Other accounting policies

Cash and cash equivalents: net cash is defined as cash at bank and on hand and cash equivalents, net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash, and loans which are not subject to a term facility. Cash and cash equivalents held at 31 March 2021 included $95.8 million of cash at bank and on hand (2020: $299.8 million) and $155.0 million short-term deposits (2020: $115.0 million).

Tax consolidation: Australian tax legislation allows groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

The CSR group has elected for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

Foreign currency: all foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the year in which they arise except if designated as cash flow hedges.

On consolidation, the results and financial position of foreign operations are translated as follows:
- assets and liabilities are translated using exchange rates prevailing at the end of the reporting period;
- income and expense items are translated at the average exchange rates for the period; and
- exchange differences arising, if any, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the operation.

Put option liabilities on non-controlling interests: contracts that contain an obligation to pay cash in the future to purchase minority shares held by non-controlling interests, even if the payment is conditional on the option being exercised by the holder, are recorded as a financial liability. The initial redemption liability is recorded against equity. The financial liability is recognised at the present value of the expected redemption amount.

Goods and services tax: revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

CSR LIMITED

ABN 90 000 001 276

Directors declaration

The directors declare that:

1 in the directors' opinion, there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable;

2 in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in note 1;

3 in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the CSR group;

4 the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the managing director and chief financial officer for the financial year ended 31 March 2021; and

5 there are reasonable grounds to believe that CSR Limited and the group entities identified in note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between CSR Limited and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

John Gillam
Chair of the board

12 May 2021

Julie Coates
Managing Director and CEO

12 May 2021

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the Members of CSR Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CSR Limited ("CSR" or the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
Product Liability Provision (Refer to Note 16 Product Liability) CSR has recognised a product liability provision of $231.0 million as at 31 March 2021. The provision is in respect of all known and reasonably foreseeable future asbestos claims. The provision is determined after considering the advice provided by management appointed external experts in Australia and the United States of America ("USA"), being the countries giving rise to the liabilities. The determination of the provision is subject to significant judgement as to expected settlement amounts and likelihood of future claims. In addition, the assumption in respect of discount rates has a significant impact on the estimate of provisions.	In conjunction with actuarial specialists, our procedures included, but were not limited to: ▪ assessing the objectivity, independence and competence of management appointed external experts; ▪ assessing the appropriateness of the assumptions and methodology used in the reports prepared by the management appointed external experts; including: - evaluating the reasonableness of the methodology used to calculate the provision; - benchmarking of the discount rates; and - comparison of historical claims experience to assumptions used to estimate future claims; ▪ testing on a sample basis, the accurate inclusion and exclusion of asbestos claims in management's liability database, which is provided to management appointed external experts and forms the basis for the reports; ▪ enquiring of management appointed external experts and the company's internal and external legal counsel in respect of their conclusions; ▪ agreeing the provision breakdown between liabilities relating to Australia and the USA, to the respective external experts' reports; ▪ testing the translation of the USA liability to Australian dollars at the appropriate foreign currency exchange rate; ▪ assessing the basis for the determination of the prudential margin through enquiries of management and their consideration of the external experts' reports; and ▪ assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit responded to the key audit matter</th></tr>
<tr><td>Asset valuation

(Refer to Note 12 Property, plant and equipment and intangible assets and Note 14 Leases)

At 31 March 2021 the Group's consolidated statement of financial position includes goodwill amounting to $58.3 million, other intangible assets amounting to $13.8 million, property, plant and equipment amounting to $693.7 million and right-of-use lease assets amounting to $127.2 million, comprised of several cash generating units (CGUs).

The assessment of impairment of the company's goodwill, other intangible assets, property, plant and equipment and right-of-use lease asset balances involved the exercise of significant judgement in respect of key assumptions such as discount rates, inflation, growth rates, forecast changes in the building cycle, and forecast future cash flows, including the impact of the COVID-19 pandemic.

Management prepare an impairment trigger analysis to identify which CGUs should be considered further for impairment analysis. Based on the analysis performed, no impairments have been recognised. The AFS CGU was identified by management as the CGU requiring additional disclosure due to its sensitivity to changes in specific assumptions.</td><td>In conjunction with valuation specialists, our procedures included, but not limited to:

▪ evaluating the process used by management in the determination of those CGUs requiring further impairment analysis as a consequence of an impairment trigger by:
- assessing management's determination of the company's CGUs based on our understanding of the business and consistency with the segment reporting;
- evaluating management's impairment trigger analysis based on a number of factors including annual financial performance and external market conditions; and
- confirming that each CGU containing goodwill had been included in management's impairment testing;
▪ evaluating the analysis performed by management and the conclusions drawn in relation to the AFS CGU by:
- assessing the appropriateness of the impairment model methodology, key inputs and assumptions used in the model using our knowledge of the business and the industry, including assessment of:
▪ the discount rate;
▪ the terminal growth rate;
▪ the inflation rate;
▪ forecast changes in the business cycle; and
▪ forecast cash flows, including the impact of the COVID-19 pandemic.
- testing on a sample basis, the mathematical accuracy of the cash flow model;
- agreeing relevant data in the cash flow model to the latest Board approved forecasts, including the impact of the COVID-19 pandemic;
- assessing the historical accuracy of forecasting of the CGU;
- obtaining and reading the position papers prepared by management to support the model for this CGU;
- evaluating management's process, including testing design and implementation of controls in respect of the preparation and review of forecasts; and
- assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.</td></tr>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report which forms part of the directors' report and is included in pages 50 to 70 of the CSR Limited annual report for the year ended 31 March 2021.

In our opinion, the Remuneration Report of CSR Limited for the year ended 31 March 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

Sydney, 12 May 2021

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Shareholder information

20 LARGEST HOLDERS OF ORDINARY SHARES

As at 30 April 2021

RANK	NAME	UNITS	% OF UNITS
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	141,541,384	29.2
2.	CITICORP NOMINEES PTY LIMITED	71,116,406	14.7
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	69,989,742	14.4
4.	NATIONAL NOMINEES LIMITED	31,236,903	6.4
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,195,133	2.1
6.	BNP PARIBAS NOMINEES PTY LTD	9,711,424	2.0
7.	BNP PARIBAS NOMS PTY LTD	8,499,769	1.8
8.	CITICORP NOMINEES PTY LIMITED	4,046,962	0.8
9.	BNP PARIBAS NOMINEES PTY LTD	2,882,000	0.6
10.	PRUDENTIAL NOMINEES PTY LTD	2,500,000	0.5
11.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	1,511,637	0.3
12.	AMP LIFE LIMITED	1,382,087	0.3
13.	MR ALLAN ERNEST ORMES	1,066,667	0.2
14.	NATIONAL NOMINEES LIMITED	1,008,237	0.2
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	646,908	0.1
16.	CSR SHARE PLAN PTY LIMITED	599,791	0.1
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - GSCO ECA	568,988	0.1
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	551,293	0.1
19.	V M NOMINEES PTY LTD	550,000	0.1
20.	CS THIRD NOMINEES PTY LIMITED	511,020	0.1
Top 20 holders of issued capital		**360,116,351**	**74.2**
Remaining holders balance		**125,266,425**	**25.8**

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Dimensional Entities and its subsidiaries advised that as of 20 June 2013, it and its associates had an interest in 30.4 million shares, which represented 6.01% of CSR's issued capital at that time.

The Vanguard Group Inc. and its subsidiaries advised that as of 31 March 2020, it and its associates had an interest in 29.2 million shares, which represented 6.01% of CSR's issued capital at that time.

SHAREHOLDINGS BY GEOGRAPHIC LOCATION

Location	Units	Units %	Holders	Holders %
AUSTRALIA	481,874,898	99.3	44,140	96.4
NEW ZEALAND	2,229,786	0.5	1,097	2.4
UNITED KINGDOM	290,928	0.1	222	0.5
UNITED STATES OF AMERICA	184,389	0.0	93	0.2
SINGAPORE	94,085	0.0	44	0.1
Other	708,690	0.1	185	0.4
Total	**485,382,776**	**100.0**	**45,781**	**100.0**

DISTRIBUTION OF SHAREHOLDINGS

Range	Holders	Units	% of issued capital
1 – 1,000	22,758	11,087,745	2.3
1,001 – 5,000	18,033	40,997,648	8.4
5,001 – 10,000	3,061	21,859,050	4.5
10,001 – 100,000	1,860	40,679,076	8.4
100,001 and over	69	370,759,257	76.4
Total	**45,781**	**485,382,776**	**100.0**

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $5.97 per unit	84	1,274	30,928

RECENT CSR DIVIDENDS

Date paid	Type of dividend	Dividend per share	Franking	Franked amount per share at 30%
December 2015	Interim	11.5 cents	0%	NA
July 2016	Final	12.0 cents	0%	NA
December 2016	Interim	13.0 cents	0%	NA
July 2017	Final	13.0 cents	50%	6.5 cents
December 2017	Interim	13.5 cents	50%	6.75 cents
July 2018	Final	13.5 cents	75%	10.125 cents
December 2018	Interim	13.0 cents	100%	13.0 cents
July 2019	Final	13.0 cents	50%	6.5 cents
December 2019	Interim ordinary	10.0 cents	50%	5.0 cents
December 2019	Interim special	4.0 cents	50%	2.0 cents
December 2020	Interim ordinary	8.5 cents	100%	8.5 cents
December 2020	Interim special	4.0 cents	100%	4.0 cents

Registry information

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services Pty Limited

GPO Box 2975 Melbourne VIC 3001 Australia

Telephone 1800 676 061
International +61 3 9415 4033
Facsimile (03) 9473 2500
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www.investorcentre.com/contact

Investor relations and news

The CSR Annual Report, Corporate Governance Statement and Sustainability Report are available to view online or download, visit www.csr.com.au

Email investorrelations@csr.com.au

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